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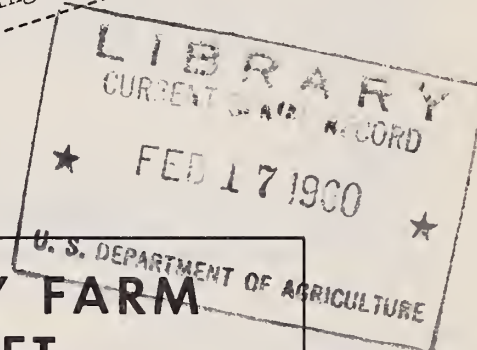
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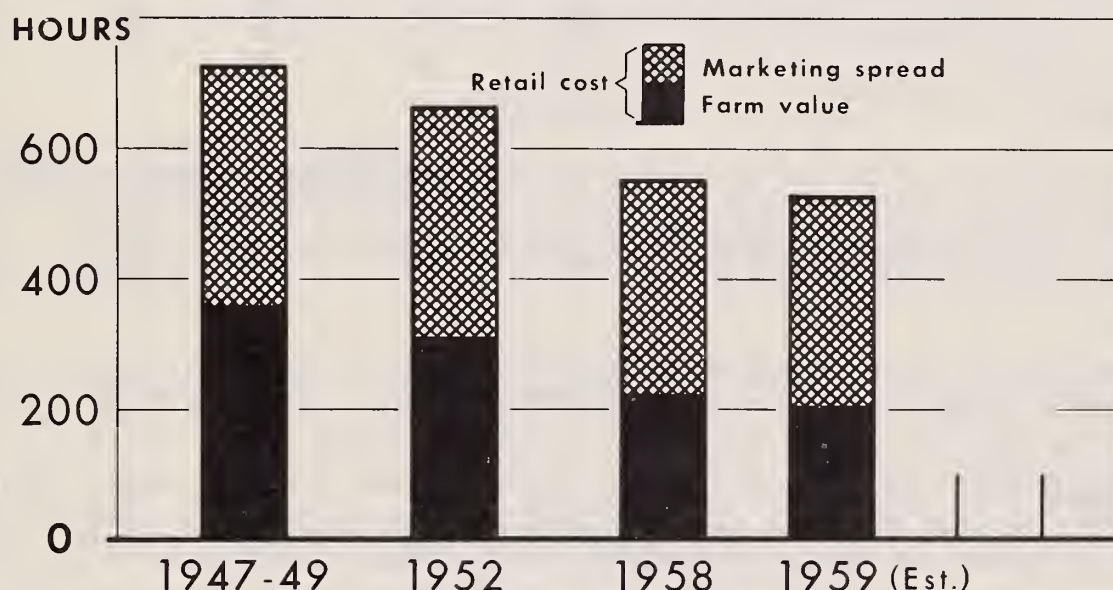
The MARKETING and TRANSPORTATION SITUATION

MTS-136

In this issue:
Marketing Margins for Beef, Pork, Dairy
Products, Eggs, Frying Chickens, Fruits
and Vegetables
Taxes and Expenditures for Advertising
in Marketing Food Products



LABOR REQUIRED TO BUY FARM FOOD MARKET BASKET



AVERAGE ANNUAL PURCHASES OF FARM FOODS BY URBAN FAMILIES IN 1952; RETAIL COST, FARM VALUE AND MARKETING SPREAD DIVIDED BY AVERAGE NET HOURLY EARNINGS OF MANUFACTURING WORKERS.

U. S. DEPARTMENT OF AGRICULTURE

NEG. 7640-60 (1) AGRICULTURAL MARKETING SERVICE

Wage earners had to work only about three-fourths as many hours to pay for the market basket of farm foods in 1959 as in 1947-49, although the dollar cost of these foods had risen 11 percent. Fewer hours were required because wage rates had increased and farmers' prices had declined since 1947-49. The farm value

(the farmer's return from the market basket foods) was down both in terms of dollars and hours of wage labor. But the hours required to pay the marketing charges (marketing spread) also had decreased 12 percent, though dollar marketing charges had risen 35 percent.

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STATISTICAL SUMMARY OF MARKET INFORMATION

Item	Unit or base period	1958		1959		
		Year	Oct.-Dec.	Apr.-June	July-Sept.	Oct.-Dec.
<u>Farm-to-retail price spreads</u>						
Farm-food market basket: 1/						
Retail cost	Dol.	1,064	1,048	1,040	1,044	1,034
Farm value	Dol.	430	411	403	396	387
Farm-retail spread	Dol.	634	637	637	648	647
Farmer's share of retail cost	Pct.	40	39	39	38	37
<u>Cotton: 2/</u>						
Retail cost	Dol.	2.11	2.11	2.11	2.13	---
Farm value	Dol.	.32	.32	.33	.30	---
Farm-retail spread	Dol.	1.79	1.79	1.78	1.83	---
Farmer's share of retail cost	Pct.	15	15	16	14	---
<u>Tobacco: 3/</u>						
Retail cost	Dol.	3.70	---	---	---	---
Farm value	Dol.	.60	---	---	---	---
Federal and State excise taxes	Dol.	1.40	---	---	---	---
Farm-retail spread excluding excise taxes	Dol.	1.70	---	---	---	---
Farmer's share of retail cost	Pct.	16	---	---	---	---
<u>General economic indicators</u>						
Consumers' per capita income and expenditures: 4/						
Disposable personal income	Dol.	1,818	1,843	1,899	1,889	1,912
Expenditures for goods and services	Dol.	1,683	1,707	1,762	1,766	1,779
Expenditures for food	Dol.	387	386	393	391	394
Expenditures for food as percentage of disposable income	Pct.	21	21	21	21	21
		1958		1959		
		Year	Nov.	Sept.	Oct.	Nov.
Hourly earnings, production workers, manufacturing: 5/	Dol.	2.13	2.17	2.22	2.21	2.23
Hourly earnings of food marketing employees 6/ ...	Dol.	1.98	2.02	2.06	2.07	2.08
<u>Retail sales: 7/</u>						
Food stores	Mil. dol.	4,190	4,215	4,267	4,294	4,390
Apparel stores	Mil. dol.	1,043	1,033	1,111	1,080	1,119
<u>Manufacturers' inventories: 7/</u>						
Food and beverage	Mil. dol.	4,687	4,676	4,832	4,810	4,791
Textile	Mil. dol.	2,557	2,456	2,516	2,536	2,500
Tobacco	Mil. dol.	1,874	1,861	1,930	1,955	1,942
<u>Indexes of industrial production: 8/</u>						
Food and beverage manufactures	1957 = 100:	102	104	108	106	107
Textile mill products	1957 = 100:	98	104	114	111	111
Apparel products	1957 = 100:	101	110	121	122	125
Tobacco products	1957 = 100:	106	113	111	114	---
Index of physical volume of farm marketings	1947-49=100:	125	160	147	171	175
<u>Price indexes</u>						
Consumer price index 5/	1947-49=100:	123.5	123.9	125.2	125.5	125.6
Wholesale prices of food 5/	1947-49=100:	109.5	107.4	106.2	104.1	102.6
Wholesale prices of cotton products 5/	1947-49=100:	88.4	88.0	92.6	93.0	94.0
Wholesale prices of woolen products 5/	1947-49=100:	100.8	97.9	104.7	104.1	103.7
Prices received by farmers 9/	1947-49=100:	92	91	88	87	85
Prices paid by farmers 9/	1947-49=100:	114	114	114	115	115

1/ Average quantities of farm food products purchased per wage-earner and clerical-worker family in 1952.

2/ Data for average family purchases in 1950 of 25 articles of cotton clothing and housefurnishings divided by number of pounds of lint cotton required for their manufacture; see U.S. Dept. Agr. Mktg. Res. Rpt. 277.

3/ Data for 4 tobacco products from 1 pound of leaf tobacco (farm-sales weight), weighted by leaf equivalent of current tax-paid withdrawals; preliminary data for the fiscal year beginning July 1958. 4/ Fourth quarter 1959 data are from preliminary estimates by the Council of Economic Advisers. Seasonally adjusted annual rates, calculated from Dept. of Commerce data. 5/ Dept. of Labor. 6/ Weighted composite earnings in food processing, wholesale trade, retail food stores, calculated from data of Dept. of Labor. 7/ Seasonally adjusted, Dept. of Commerce. Annual data for 1958 are on an average monthly basis. 8/ Seasonally adjusted, Board of Governors of Federal Reserve System. Revised. 9/ Converted from 1910-14 base. Data for Sept. 1952 and later months revised, Feb. 1959.

THE MARKETING AND TRANSPORTATION SITUATION

Approved by the Outlook and Situation Board January 28, 1960

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FARM-RETAIL PRICE SPREADS FOR FARM FOODS

Highlights

Charges for marketing farm-produced foods rose 1 percent from 1958 to 1959. This increase was smaller than it had been for most years since 1947. In 1960, marketing charges probably will show some increase.

Prices received by farmers for these foods were 7 percent lower in 1959 than in 1958. This decline in the annual average farm value was the first since 1956. Lower prices for hogs, frying chickens, and eggs were largely responsible for the decrease. The relative stability in marketing charges and decline in farm prices reduced the farmer's share of the dollar consumers spent for farm foods to 38 cents in 1959 -- 2 cents lower than in 1958.

Retail prices of farm foods decreased in 1959 for the first time since 1955 but the annual average still was the second highest on record. Retail prices of these foods probably will not change greatly in 1960 as increases in marketing charges will partly offset lower average farm values.

Operating costs of food-marketing firms probably increased slightly in 1959, but the increase apparently was smaller than in most recent years. Hourly earnings of food-marketing employees rose 4 percent, continuing the upward trend, but improvements in output per man-hour offset some of this increase. Prices of goods and services which marketing firms buy rose slightly. Railroad freight rates were about the same as in 1958.

Profits of corporations manufacturing and distributing food were higher in 1959 than in 1958, according to preliminary reports. Manufacturers' profits rose substantially after decreasing in 1958. Profits of retail food chains also increased slightly.

Marketing Charges Rise Slightly in 1959

The farm-retail spread for the farm food "market basket" averaged \$641 (annual rate) in 1959, about 1 percent higher than in 1958 ^{1/} (table 1). This is one of the smallest increases since 1947 in the annual average spread -- the charges for assembling, processing, and distributing the farm foods in the market basket; during the 1947-59 period these marketing charges increased by an average of 3 percent, compounded annually, and declined only once.

In the first quarter of 1959 the farm-retail spread declined; it increased in the second and third quarters, and turned down slightly in the fourth quarter. As a result, the spread was about 2 percent higher in the fourth quarter of 1959 than in the same period of 1958 (table 20, p. 47).

In the year just ended, increases in annual average spreads for meat products and bakery and cereal products were partly offset by decreases for the fruits and vegetables and fats and oils groups (table 2). Spreads for dairy products, poultry and eggs, and miscellaneous products remained relatively stable in 1959.

The comparatively small increase in the annual farm-retail spread for the market basket reflected the relative stability in costs of marketing food during 1959. Hourly earnings of food-marketing employees increased 4 percent but increases in productivity kept labor costs per unit of product handled from rising as much. Rail freight rates on agricultural products may have declined slightly from the peak in 1958. Prices of many goods and services food-marketing firms buy leveled off in 1959. Construction costs and prices of motortrucks and machinery and equipment increased in 1959, while prices of tires and tubes and metal containers declined slightly. Another cost which increased considerably in 1959 was the interest rate on short-term business loans. In the third quarter (the latest period for which data are available) the average bank rate in 19 major cities was 5.3 percent compared with 4.2 percent a year earlier. ^{2/}

^{1/} The "market basket" contains the average quantities of farm-produced food products purchased for consumption at home per urban wage-earner and clerical-worker family in 1952. Additional information concerning the contents of the market basket and methods of estimating market-basket data are given in "Farm-Retail Spreads for Food Products," U.S. Dept. Agr., Misc. Pub. 741, 1957. The farm-retail spread or difference between the retail cost of the market basket and the farm value is an estimate of charges made by marketing agencies for assembling, processing, transporting, and distributing the products in the market basket. The farm-retail spread is also referred to as the marketing margin.

^{2/} Survey of Current Business, Office of Business Economics, U.S. Dept. Commerce.

Table 1.--The farm food market basket: Retail cost, farm value, farm-retail spread, and farmer's share of retail cost, 1947-59 ^{1/}

Year and month	: Retail cost: ^{2/}	: Farm value: ^{3/}	: Farm-retail spread	: Farmer's share
	: Dollars	: Dollars	: Dollars	: Percent
1947	911	467	444	51
1948	982	497	485	51
1949	928	435	493	47
1947-49 average ...	940	466	474	50
1950	920	432	488	47
1951	1,024	497	527	49
1952	1,034	482	552	47
1953	1,003	445	558	44
1954	986	421	565	43
1955	969	395	574	41
1956	972	390	582	40
1957	1,007	401	606	40
1958	1,064	430	634	40
1959 ^{4/}	1,040	399	641	38
1958 :				
Jan.	1,042	427	615	41
Feb.	1,049	432	617	41
Mar.	1,075	458	617	43
Apr.	1,085	453	632	42
May	1,086	446	640	41
June	1,084	438	646	40
July	1,080	427	653	40
Aug.	1,066	420	646	39
Sept.	1,060	423	637	40
Oct.	1,053	414	639	39
Nov.	1,049	413	636	39
Dec.	1,042	405	637	39
1959 :				
Jan.	1,048	412	636	39
Feb.	1,042	408	634	39
Mar.	1,036	408	628	39
Apr.	1,037	407	630	39
May	1,035	401	634	39
June	1,050	402	648	38
July	1,052	394	658	37
Aug.	1,039	396	643	38
Sept.	1,043	399	644	38
Oct.	1,037	391	646	38
Nov.	1,030	386	644	37

^{1/} The farmer's share and index numbers of the retail cost, farm value, and farm-retail spread for the years 1913-56 are published in "Farm-Retail Spreads for Food Products," U.S. Dept. of Agr. Misc. Pub. 741, 1957.

^{2/} Retail cost of average quantities of farm foods purchased per urban wage-earner and clerical-worker family in 1952, calculated from retail prices collected by the Bur. of Labor Statistics.

^{3/} Payment to farmers for equivalent quantities of farm produce minus imputed value of byproducts obtained in processing.

^{4/} Preliminary estimates.

: Current data are given in the Statistical Summary, :
: a monthly publication of the Agricultural Marketing Service. :

Table 2.--The market basket of farm food products: Annual average retail cost, farm value, farm-retail spread, and farmer's share, 1958 and 1959

Product group	12-month average 1958	12-month average 1959	Change - 1959 from 1958	
			Actual	Percentage
	Dollars	Dollars	Dollars	Percent
Retail cost				
Market basket	1,064.16	1,040.15	-24.01	-2
Meat products	292.08	280.93	-11.15	-4
Dairy products	194.02	195.03	1.01	1
Poultry and eggs	96.28	86.17	-10.11	-11
Bakery and cereal products :	159.83	161.13	1.30	1
All fruits and vegetables ..	233.60	230.62	-2.98	-1
Fats and oils	44.88	42.77	-2.11	-5
Miscellaneous products	43.47	43.51	.04	1/
Farm value				
Market basket	429.55	398.95	-30.60	-7
Meat products	165.34	146.94	-18.40	-11
Dairy products	87.94	88.06	.12	1/
Poultry and eggs	60.35	50.35	-10.00	-17
Bakery and cereal products :	29.91	27.87	-2.04	-7
All fruits and vegetables ..	66.59	67.74	1.15	2
Fats and oils	12.20	10.78	-1.42	-12
Miscellaneous products	7.23	7.21	-.02	1/
Farm-retail spread				
Market basket	634.61	641.20	6.59	1
Meat products	126.74	133.99	7.25	6
Dairy products	106.08	106.97	.89	1
Poultry and eggs	35.93	35.82	-.11	1
Bakery and cereal products :	129.92	133.26	3.34	3
All fruits and vegetables ..	167.01	162.88	-4.13	-2
Fats and oils	32.68	31.99	-.69	-2
Miscellaneous products	36.24	36.30	.06	1/
Farmer's share of retail cost				
	Percent	Percent	Percent	
Market basket	40	38	-2	
Meat products	57	52	-5	
Dairy products	45	45	0	
Poultry and eggs	63	58	-5	
Bakery and cereal products :	19	17	-2	
All fruits and vegetables ..	29	29	0	
Fats and oils	27	25	-2	
Miscellaneous products	17	17	0	

1/ Less than 0.5 percent.

In the first three quarters of 1959, according to a joint report by the Federal Trade Commission and Securities and Exchange Commission, total profits (after taxes) of food-manufacturing corporations were about 10 percent higher than in the first three quarters of 1958. For all corporations manufacturing nondurable goods, however, profits increased nearly 30 percent during the same period. Profits of food manufacturers did not suffer as sharp a decline in the 1957-58 recession as those of most other nondurable goods manufacturers. Earnings reports of leading retail food chains indicate total profits were larger in 1959 than in 1958. Food chains' profits as a percentage of sales probably were about the same in 1959 as in 1958.

Costs incurred by food-marketing firms are likely to increase in 1960. The amount of increase depends largely on wages and transportation charges. Substantial increases in these two items usually lead to a higher farm-retail spread. Wages probably will increase this year as they have in past years. No requests for general or broadly selective rail freight rate increases are now before the Interstate Commerce Commission. Prices of many goods and services marketing firms buy probably will increase. State and local taxes, rent, depreciation, and miscellaneous expenses are likely to continue upward.

Farm Value Declines 7 Percent

The farm value of the farm food market basket averaged \$399 in 1959 compared with \$430 in 1958. ^{3/} Farm values for five of the seven product groups decreased. In the upper range of declines were the meat products, poultry and eggs, and fats and oils groups. Lower prices for hogs, broilers, and eggs accounted for much of the decrease in the market basket farm value. Large percentage decreases were recorded for cornmeal, corn flakes, oranges, grapefruit, celery, and lard. Orange juice (both canned and frozen concentrate), lemons, onions, frozen strawberries, and dried prunes showed large increases in farm value.

Since 1947, the annual average farm value has varied widely. It reached a peak of \$497 in 1948 and again in 1951 and a low of \$390 in 1956. The farm value declined in each of the years 1952-56, rose in 1957 and 1958, and dropped last year to \$399.

The farm value declined slightly in each quarter of 1959. It dropped to \$387 in the fourth quarter, \$24 less than in the last quarter of 1958 (table 19, p. 46).

Farm prices of some food products are expected to average a little lower in 1960. As a result, the farm value for the market basket is likely to be down some this year.

^{3/} The farm value is the payment farmers received for the farm products equivalent to the foods in the market basket.

First Decrease in Retail Cost Since 1955

After rising to a peak annual rate of \$1,085 in the second quarter of 1958, the retail cost of the market basket of farm foods has declined steadily, except for a small rise in the third quarter of 1959. ^{4/} In the quarter just ended, it averaged \$1,034, about 1 percent below the same quarter in 1958 (table 19, p. 46). The annual average for 1959, however, was more than 2 percent lower than the 1958 average of \$1,064. Major causes of this decrease were declines in the retail costs of meat products and poultry and eggs. Retail costs of the dairy products, bakery and cereal products, and miscellaneous products groups each increased less than 1 percent from 1958 to 1959.

Farmer's Share Lowest in 20 Years

After averaging 40 cents in each of the preceding 3 years, the farmer's share of the consumer's farm food dollar declined to 38 cents in 1959. This is the lowest share since 1939 when it also stood at 38 cents.

During 1939-59, the farmer's share rose from 38 cents in 1939 to 53 cents in 1945, then declined to 47 cents in 1949 and 1950. In 1951, during the Korean conflict, it rose to 49 cents.

During 1960, the farmer's share may decline further. In recent months it has dipped to 37 cents (table 20, p. 47) and lower farm prices and higher marketing charges this year could result in a further decrease from the 1959 average.

Fewer Hours Required to Buy Market Basket

Although the retail cost of the market basket of farm foods rose from an annual average rate of \$940 in 1947-49 to \$1,040 in 1959, the number of hours of labor required to pay for these foods has declined. (See cover chart.) In 1947-49, 724 hours of labor were required, provided the worker's wage was equal to the average received by all production workers in manufacturing. ^{5/} A 53-percent increase in hourly earnings from 1947-49 to 1959 reduced the required number of hours from 724 to 524. Fewer hours of labor were required to pay the charges for marketing (the farm-retail spread) as well as for the farm value of these foods.

Changes in Annual Averages 1958-59, by Product Groups

Meat Products.- The retail cost of the meat products group declined \$11 in 1959 to \$281. The farm value declined \$18 to \$147, resulting in a \$7 increase in the marketing margin (table 2). This higher margin established a new record for the third consecutive year.

^{4/} The retail cost of the market basket of farm foods is less than the retail cost of all foods bought per family. The market basket of farm foods does not include imported foods, fishery products and other foods of nonfarm origin, and costs of meals purchased in public eating places.

^{5/} Hours of labor required to pay for retail cost, farm-retail spread, and farm value were calculated by dividing each by the average hourly earnings of production workers in manufacturing adjusted for Federal income taxes.

The main reason for decreases in the retail cost and farm value was lower prices for hogs. In December hog prices were at the lowest point since January 1956. Lamb prices also softened during 1959 but retail and farm values for veal increased slightly. Farm and retail values of beef were a little higher in 1959 (tables 17 and 18, pp. 44 and 45).

Both beef cattle and hog prices have declined in recent months as slaughter increased seasonally. These prices probably will remain about steady for the next few months. Hog prices in the second half of 1960 will be somewhat higher than a year earlier.

The farmer's share of the retail dollar consumers spent for meat products dropped 5 cents to 52 cents in 1959. Only the 1956 farmer's share of 52 cents was as low during the 1947-59 period. (For a further discussion of meat products see the first article in this issue, pp. 11-18.)

Dairy Products.- The retail cost of the dairy products group increased in 1959 for the fourth straight year, though the rise was slight. The farm-retail spread also increased as it has each year since 1950, but the increase in 1959 was smaller than in most of these years. The farm value and farmer's share were about the same in both years.

The farm value of dairy products in the fourth quarter last year was 2 percent above the fourth quarter 1958; the retail cost and the farm-retail spread were about 1 percent above the fourth quarter of 1958.

Milk production declined in each of the last 2 years while demand for dairy products continued strong. In 1959, production of manufactured dairy products declined from a year earlier. Also, storage stocks of these products were relatively small in 1959. (Additional information is given in an article on pp. 28-34.)

Poultry and Eggs.- The retail cost and farm value of poultry and eggs declined in 1959, while the marketing margin remained about the same. The farmer's share of the consumer's dollar also decreased, dropping from 63 cents in 1958 to 58 cents in 1959. Prices for both eggs and frying chickens were down sharply. (Margins of eggs and frying chickens are considered on pp. 19-27.)

Bakery and Cereal Products.- The farm value of this group declined \$2 to \$28, the lowest level during the postwar period. The retail cost, however, increased about \$1, as the spread rose from \$130 to \$133, continuing the steady rise since World War II. The farmer's share of the consumer's dollar declined to 17 cents, the lowest level since 1938.

The major cause of the decline in farm value was a moderate drop in prices farmers received for wheat. Farm values of corn products also were down from a year ago. Increases in marketing charges for bread and corn products were the main causes of the increase in the spread for the bakery and cereal products group.

The margin for bread, the most important commodity in the bakery and cereal products group, increased 4 percent in 1959. Increases in margins to bakers, wholesalers, and grain handlers were partly offset by a decrease in the retailer margin. The miller's margin did not change significantly for the ninth consecutive year. The net increase in the total margin was accompanied by a 7-percent reduction in the farm value and a 2-percent increase in the retail price.

Fruits and Vegetables.- The farm-retail spread of the fruits and vegetables group decreased 2 percent in 1959, the largest decline since 1950. The farm value was up a little, but the retail cost was down 1 percent. The farmer's share at 29 percent remained unchanged. (More information on costs and margins of fruits and vegetables is contained in an article on pp. 35-38.)

Fats and Oils.- The farm value and retail cost of the fats and oils group continued down in 1959, mainly because of lower farm values for soybean oil, cottonseed oil, and lard. Farm prices of peanuts decreased slightly during the year just ended. The farm values for shortening and margarine were 7 and 8 percent lower, and retail prices and farm-retail spreads for these products also declined significantly.

:
:
: REVISED MARKET BASKET DATA :
: Revised 1958 data, by quarters, for the farm food market basket :
: are given in table 23, pages 52-54. :
:

:
:
: CORRECTION IN JULY 1959 ISSUE OF THIS SITUATION :
:
: The comparison of the rate of increase of value added in food :
: manufacturing and of the total marketing bill in the last :
: three sentences of the first paragraph of page 22 was incorrect.:
: These sentences should have read: Both processing charges and :
: the total marketing bill increased sharply -- and at about the :
: same rate -- after the end of World War I. Thus, processing :
: charges now account for about the same percentage of the total :
: marketing bill as at the end of World War I. Processing charges:
: rose at about the same rate as the total marketing bill between :
: 1919 and 1929; increased somewhat faster than the marketing bill:
: from 1929 to 1947; and, in the postwar period, 1947-57, rose :
: relatively less than the total marketing bill. :
:

PRICE SPREADS FOR BEEF AND PORK 1/

:
: Farm values and retail prices for pork in 1959 dropped below the :
: 1958 levels. The year-to-year decreases were the largest since :
: 1955. For Choice grade beef, farm values and retail prices in- :
: creased slightly from 1958 to 1959. :
:
: Annual average farm-retail price spreads for pork and Choice :
: grade beef increased slightly in 1959. 2/ Price spreads for :
: pork were about 7 percent greater in 1959 than in 1958, and :
: spreads for beef increased by about 5 percent. :
:

Pork

Farm Value and Retail Price

Prices farmers received for hogs declined in 1959 as marketings increased. The price of hogs per 100 pounds live weight averaged \$15.22 in 1959, about \$5.80 lower than in 1958. The major influence in this price decline was the expansion of slaughter from about 77 million hogs in 1958 to over 88 million in 1959. This 14-percent increase represented part of the expansion phase of the production cycle. The net farm value of 1 pound of pork (retail cuts) averaged 27.4 cents in 1959 compared with 36.9 cents in 1958 (table 3). 3/ Retail prices of pork trended downward through most of 1959 and averaged 57.2 cents per pound, 7.6 cents below the average for 1958.

Farm-Retail Spread and Farmer's Share

Price spreads for pork (excluding lard) averaged a little higher in 1959 than in 1958 (table 3). This small increase, however, pushed the spread to the highest point in recorded history. Over the 8-year period 1952-59, spreads advanced every year except two -- there were small decreases in 1953 and 1956 (fig. 1). This longrun upward trend probably reflects rising costs of providing the marketing services involved in moving and converting hogs on the farm to pork in the customers' supermarket carts.

1/ Prepared by Victor B. Phillips, Agricultural Economist, Mktg. Econ. Res. Div., Agr. Mktg. Serv.

2/ The farm-retail price spread or marketing margin is the difference between the price per pound the consumer pays for beef or pork at retail and the farm value or payment the farmer receives for an equivalent quantity of live animal. It is a gross return to marketing agencies for the distributing and processing services required to move live animals from the farm and to convert them to meat in the consumer's hands.

3/ The farm value is payment farmers received for the quantity of live hog equivalent to 1 pound of pork in the retail store. It is the price per pound received by farmers calculated on a retail-weight basis.

Table 3.--Pork: Retail price per pound, farm value, farm-retail spread, and farmer's share of retail price, by quarters, 1958-59

Period	Retail price	Net farm value <u>1/</u>	Farm-retail spread <u>2/</u>	Farmer's share
	Cents	Cents	Cents	Percent
1958				
Jan.-Mar.	63.1	36.0	27.1	57
Apr.-June	66.2	39.3	26.9	59
July-Sept.	67.5	38.9	28.6	58
Oct.-Dec.	62.2	33.5	28.7	54
Average	64.8	36.9	27.9	57
1959				
Jan.-Mar.	59.1	29.6	29.5	50
Apr.-June	58.2	29.7	28.5	51
July-Sept.	57.3	27.0	30.3	47
Oct.-Dec. <u>3/</u>	54.0	23.3	30.7	43
Average <u>3/</u>	57.2	27.4	29.8	48

1/ Gross farm value of 1.82 pounds of live hog less allowance for lard and inedible byproducts.

2/ Difference between retail price and net farm value.

3/ Preliminary.

Changes in price spreads during the year, and even some year-to-year changes, do not, however, bear a close relation to changes in the costs of providing marketing services. The size of the farm-retail spread is affected also by changes in the volume of hogs marketed. The usual increase in the farm-retail spread in the second half of the year is associated with the seasonal increase in the volume of hogs marketed (table 3 and fig. 1). Large marketings of hogs represent a strong demand for marketing services. The reverse is true when marketings of hogs are small. When marketings of hogs are large, packers do not have to compete vigorously for supplies. This situation tends to exert a downward pressure on prices at the farm level. Changes in wholesale prices usually lag behind changes in prices of live hogs. Consequently, the live-wholesale spread widens. Changes in retail prices also lag behind changes in wholesale prices. Retailers often ignore small wholesale price changes and wait until definite trends in wholesale prices become established before changing retail prices. In years of larger hog marketings and relatively lower prices, as in 1959, the lag in wholesale and retail prices may influence spreads more than changes in costs of providing marketing services. In 1959, most of the increase in farm-retail price spreads was in the wholesale-retail segment as the live-wholesale segment changed relatively little from that in 1958 (table 4).

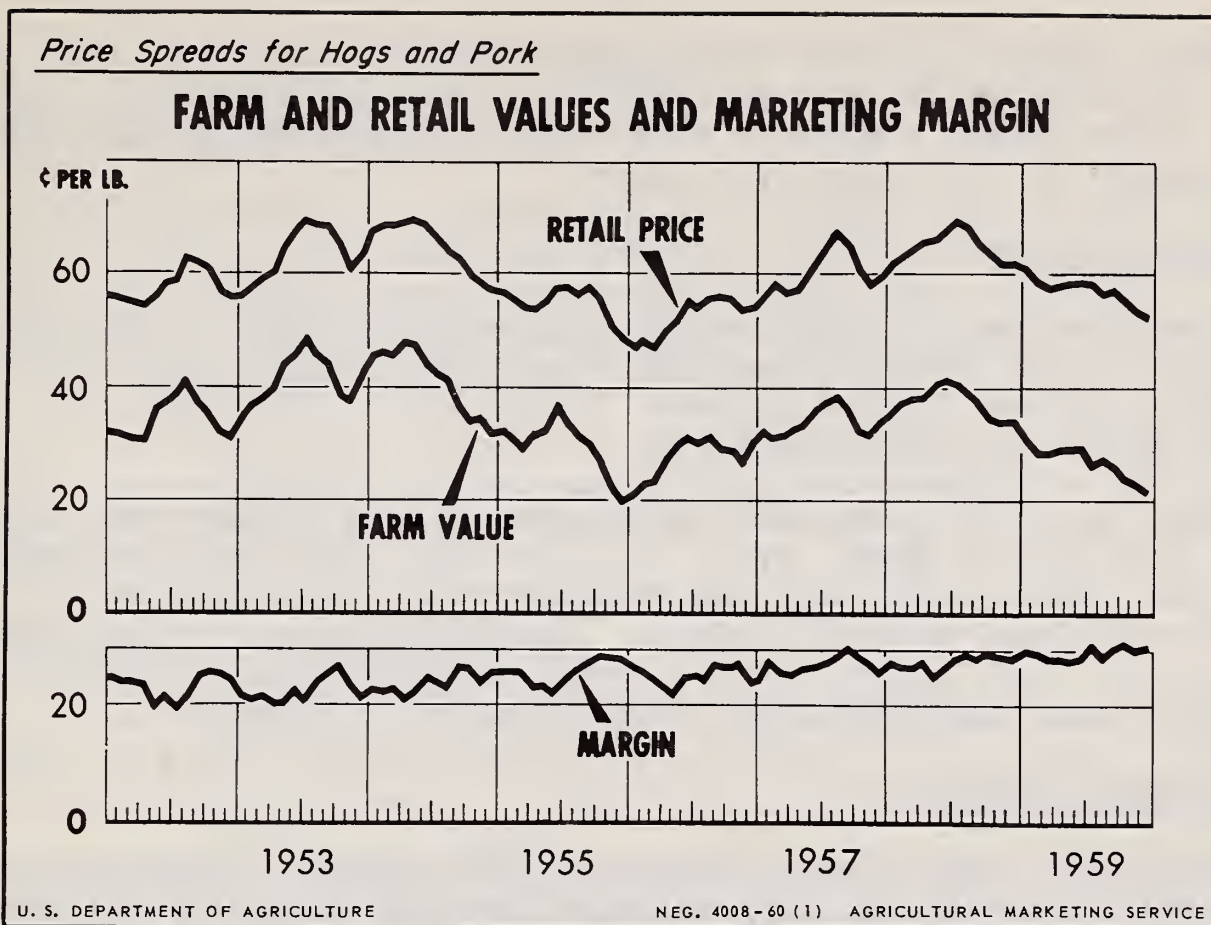


Figure 1

Table 4.--Pork: Live-wholesale and wholesale-retail spreads by quarters, 1958-59 ^{1/}

Quarter	Live-wholesale (per 100 pounds live weight)			Wholesale-retail (per 100 pounds major cuts)		
	Price of hogs ^{2/}	Wholesale value ^{3/}	Spread	Wholesale value ^{4/}	Retail value ^{5/}	Spread
	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars
1958						
Jan.-Mar.	20.59	26.19	5.60	48.66	62.85	14.19
Apr.-June	22.65	28.11	5.46	51.90	66.04	14.14
July-Sept.	21.85	27.74	5.89	51.28	67.24	15.96
Oct.-Dec.	18.97	24.74	5.77	45.47	61.99	16.52
Average	21.02	26.70	5.68	49.33	64.53	15.20
1959						
Jan.-Mar.	16.66	22.17	5.51	41.61	58.86	17.25
Apr.-June	16.85	21.96	5.11	41.71	58.01	16.30
July-Sept.	14.47	20.54	6.07	39.54	^{6/} 56.97	^{6/} 17.43
Oct.-Dec. ^{7/}	12.88	19.01	6.13	36.37	53.68	17.31
Average ^{7/}	15.22	20.92	5.70	39.81	56.88	17.07

^{1/} Quarterly data for 1949-55 are published in "Pork Marketing Margins and Costs," U.S. Dept. Agr. Misc. Pub. 711, Apr. 1956, tables 1 and 2.

^{2/} Average price of 200-220 pound barrows and gilts, Chicago.

^{3/} Wholesale value at Chicago of 71 pounds of pork and lard obtained from 100 pounds of live hog.

^{4/} Wholesale value of 100 pounds of major pork cuts at Chicago computed from Livestock Market News and National Provisioner price quotations of individual cuts.

^{5/} Calculated from average retail prices of major pork cuts in urban areas, published by Bur. Labor Statistics.

^{6/} Revised.

^{7/} Preliminary

Farmers received 48 cents of the dollar consumers spent for pork products in 1959, the smallest share since 1940 and 9 cents smaller than in 1958. The decrease in the farmer's share in 1959 resulted from a drop in the farm value and an increase in the farm-retail spread.

Live-Wholesale Spread

Although the price of hogs decreased sharply from 1958 to 1959, spreads at the packer level averaged about the same in both years. The live-wholesale price spread for pork changed slightly from \$5.68 per 100 pounds live weight in 1958 to \$5.70 in 1959 (table 4). ^{4/}

Changes in the live-wholesale spread during 1959 followed the usual pattern: Narrowing in March, April, May, and June, when hog marketings declined toward their yearly low, and widening during the second half of the year when marketings increased sharply. But these seasonal changes have been smaller for the last 3 years than for previous years because earlier and more evenly distributed farrowings have reduced seasonal fluctuations.

Wholesale-Retail Spread

The wholesale-retail price spread in 1959 increased substantially over that for 1958 (table 4). ^{5/} Pork prices at both the wholesale and retail levels dropped markedly, but prices dropped more sharply at the wholesale level than at the retail level, resulting in widening spreads. Changes in retail prices sometimes lag a month or two behind changes in wholesale prices. When pork supplies increased and wholesale prices declined during 1959, retailers had little immediate and direct incentive to lower their retail price at the same time and by the same amount.

^{4/} The live-wholesale price spread (or packer spread) for pork is the difference between the live-weight price of hogs per 100 pounds and the wholesale value of 47 pounds of major fresh and cured cuts which include hams, loins, picnics, butts, and spareribs, about 9 pounds of minor edible products, such as neck bones, trimmings, fat, head meat, heart, and liver, and 15 pounds of lard. These quantities are approximate yields of wholesale products from 100 pounds of live hog.

^{5/} The wholesale-retail price spread or retailer spread is the difference between the average wholesale price and retail price of 100 pounds of fresh and cured pork products.

Beef

Farm Values and Retail Prices

The farm value of U. S. Choice grade beef changed little from 1958 to 1959, but the retail price increased about 2 percent (table 5). ^{6/} Prices of steers and retail beef in 1959 averaged the highest since 1952. Increases in farm values and retail prices in 1959 were influenced primarily by the buildup of breeding herds on farms and consequent smaller marketings of slaughter cattle.

Farm values and retail prices of U. S. Choice grade beef change much less seasonally than do those for pork, mainly because marketings of Choice grade slaughter cattle are more evenly distributed throughout the year than marketings of hogs (figs. 1 and 2).

Farm-Retail Spread and Farmer's Share

The annual average price spread for U. S. Choice grade beef increased from 30.2 cents per retail pound in 1958 to 31.7 cents in 1959 (table 5). This increase is equivalent to about 69 cents per 100 pounds live-weight basis.

Price spreads fluctuated widely between 1952 and 1959, varying from a low of 24.1 cents per retail pound to a high of 31.7 cents (fig. 2). During this 8-year period the farm-retail price spread tended to widen. There were also some erratic month-to-month fluctuations in the spread when retail prices failed to adjust quickly to changes in prices at the farm level. Failure of retail prices to follow farm values more closely resulted in a narrowing of the spread during periods of rising cattle prices and a widening of the spread during periods of falling prices.

The farmer's share of the consumer's dollar spent for beef averaged 62 cents in 1959, 1 cent less than in 1958, and 10 cents less than in 1952.

Live-Wholesale Spread

The live-wholesale price spread -- the charges for slaughtering and wholesaling functions of the marketing job -- averaged 19 cents per 100 pounds (live-weight basis) more in 1959 than in 1958 (table 6). ^{7/} The packer spread for Choice grade beef displays some seasonal tendencies, although it does not fluctuate as widely as the spread for pork. Seasonal high point in the spread for beef generally comes in the third quarter and the low in either the first or second quarter.

^{6/} The farm value is the payment farmers receive for the quantity of live steer equivalent to 1 pound Choice grade beef in the retail store. It is the price per pound received by farmers calculated on a retail-weight basis.

^{7/} The live-wholesale spread is the difference between the average public stockyard price per 100 pounds for Choice grade steers and the average value of 59 pounds of carcass beef plus the byproducts (heart, liver, tallow, hide, etc.).

Table 5.--Beef (U.S. Choice grade): Retail price per pound, farm value, farm-retail spread, and farmer's share of the retail price, by quarters, 1958-59

Period	Retail price	Net farm value <u>1/</u>	Farm-retail spread <u>2/</u>	Farmer's share
	Cents	Cents	Cents	Percent
<u>1958</u>				
Jan.-Mar.	78.8	51.3	27.5	65
Apr.-June	82.8	53.0	29.8	64
July-Sept.	81.3	49.0	32.3	60
Oct.-Dec.	81.0	49.8	31.2	61
Average	81.0	50.8	30.2	63
<u>1959</u>				
Jan.-Mar.	83.0	52.2	30.8	63
Apr.-June	83.4	53.0	30.4	64
July-Sept.	82.6	50.5	32.1	61
Oct.-Dec. <u>3/</u>	81.9	48.4	33.5	59
Average <u>3/</u> :	82.7	51.0	31.7	62

1/ Gross farm value of 2.16 pounds of Choice grade cattle less byproduct allowance. 2.16 pounds of Choice grade cattle yields 1 pound of beef at retail.

2/ Difference between the retail price paid by the consumer and the farm value.

3/ Preliminary.

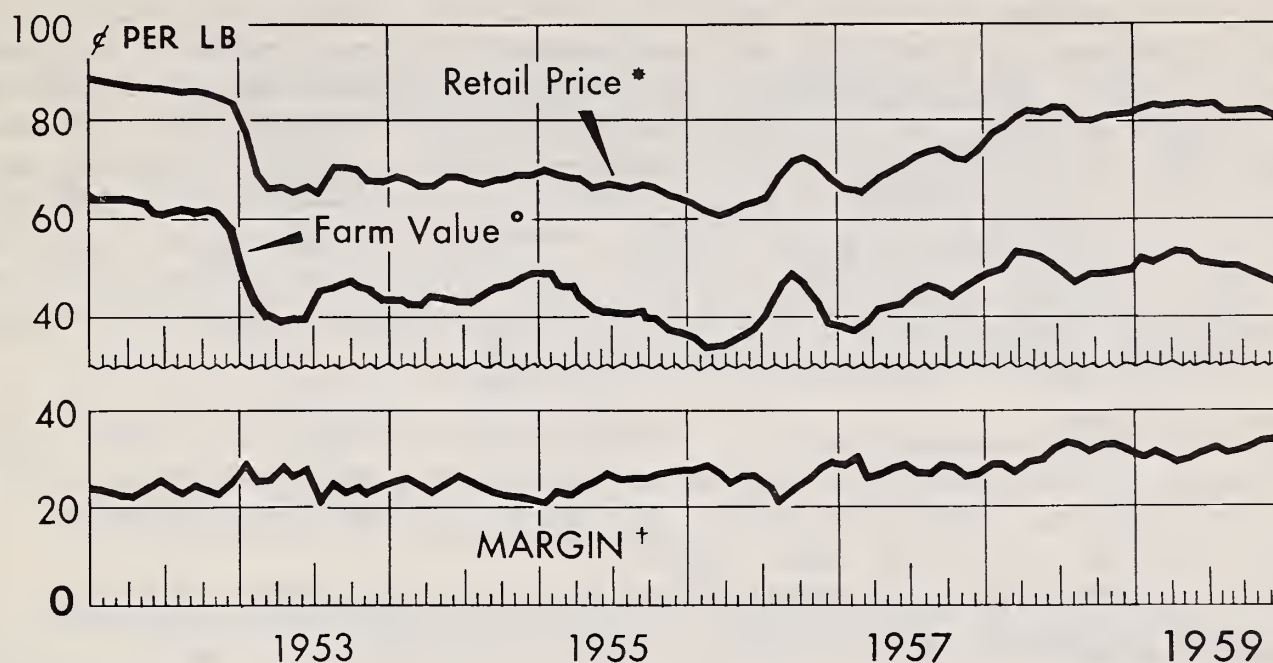
Wholesale-Retail Spreads

Wholesale-retail spreads in 1959 increased about 80 cents per 100 pounds (carcass-weight basis) over spreads in 1958 (table 6). 8/ As for pork, adjustments in retail beef prices tend to lag behind changes in wholesale prices. As wholesale prices usually change faster than do retail prices, the direction of movement in the retail spread is opposite that of wholesale and retail prices. Consequently, during periods of increasing wholesale and retail prices, retail spreads are squeezed. Declining retail and wholesale prices often are associated with widening price spreads.

8/ The wholesale-retail spread is the difference between the average wholesale carcass price per 100 pounds of U. S. Choice grade beef and the value of 80 pounds of retail cuts. (About 20 pounds of a 100-pound carcass is fat, bone, and trim which the retailer sells at nominal prices.) This spread or margin covers the cost of services retailers provide in fabricating carcasses into smaller cuts suitable for retail trade.

U.S. Choice Grade Beef

FARM AND RETAIL VALUES AND MARKETING MARGIN



* Composite retail price of choice grade beef.
 ° Value of 2.16 lbs. of live cattle (equivalent to 1 lb. of beef at retail) less byproduct allowance.
 † Difference between the retail price per pound of beef and the farm value.

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Figure 2

Table 6.--Beef (Choice grade): Live-wholesale and wholesale-retail spreads, by quarters, 1958-59 ^{1/}

Quarter	Live-wholesale (per 100 pounds live weight)					Wholesale-retail (per 100 pounds carcass weight)		
	Wholesale value				Spread	Wholesale price ^{4/}	Retail value ^{5/}	Spread
	Price of steers ^{2/}	Carcass ^{3/}		Byproducts				
				Total				
	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars
1958								
Jan.-Mar. ...	27.09	27.36	2.17	29.53	2.44	46.37	63.04	16.67
Apr.-June ...	28.46	27.98	2.40	30.38	1.92	47.43	66.24	18.81
July-Sept. ...	26.39	26.64	2.35	28.99	2.60	45.16	65.04	19.88
Oct.-Dec. ...	26.81	26.67	2.34	29.01	2.20	45.20	64.80	19.60
Average ...	27.19	27.16	2.32	29.48	2.29	46.04	64.80	18.76
1959								
Jan.-Mar. ...	27.96	28.04	2.41	30.45	2.49	47.53	66.40	18.87
Apr.-June ...	28.83	28.30	2.90	31.20	2.37	47.96	66.72	18.76
July-Sept. ...	27.62	27.32	2.82	30.14	2.52	46.31	66.08	19.77
Oct.-Dec. ^{7/}	26.06	26.32	2.29	28.61	2.55	44.61	65.52	20.91
Average ^{7/}	27.62	27.50	2.60	30.10	2.48	46.60	66.16	19.56

^{1/} Quarterly data for 1949-55 are published in "Beef Marketing Margins and Costs," U.S. Dept. Agr. Misc. Pub. 710, Feb. 1956, tables 1 and 3.

^{2/} Weighted average of price at 21 leading public stockyards in 1958, 20 in 1959.

^{3/} Wholesale carcass value is 59 percent of average wholesale price of 100 pounds of Choice grade carcass beef.

^{4/} Weighted average of prices of Choice grade carcass beef in New York, Chicago, Los Angeles, San Francisco, and Seattle.

^{5/} Calculated from average retail prices of beef cuts in urban areas, published by Bur. Labor Statistics. The retail value per 100 pounds carcass weight is 80 percent of average retail cost of 100 pounds of retail cuts, because about 20 pounds of a 100-pound carcass is fat, bone, and trim which is sold by retailers at nominal prices.

^{6/} Revised.

^{7/} Preliminary.

Charges for marketing pork and beef, as measured by farm-retail spreads, have risen each year since 1952 except for small decreases in 1953 and 1956 for pork and in 1954 for beef. Even with the decline during these years, spreads increased by an average rate of 4 percent annually for both pork and beef. 9/ Labor costs incurred by livestock and meat-marketing firms probably continued to advance in 1959. Average earnings in meatpacking plants advanced from \$2.48 per hour in 1958 to \$2.61 in 1959 and hourly earnings of employees in retail food stores also rose slightly. But improvements in labor productivity may have kept unit labor costs from rising as much as hourly earnings. Transportation costs did not change greatly in 1959. Prices of fuel, power, machinery, and some other articles increased, but the general level of prices of equipment and packaging materials and other items marketing firms buy apparently advanced less in 1959 than in most other postwar years. 10/

9/ Some cost factors associated with the uptrend in farm-retail price spreads for beef and pork were described in "Price Spreads for Beef and Pork," by Victor B. Phillips and Betty Sue Pence, The Marketing and Transportation Situation, MTS-132, pp. 18-19, Jan. 1959.

10/ "Costs and Profits in Marketing Farm Products," The Marketing and Transportation Situation, MTS-135, pp. 10-16, Oct. 1959.

MARKETING SPREADS FOR EGGS AND FRYING CHICKENS
IN THE UNITED STATES AND SELECTED CITIES 1/

:
: Eggs and frying chickens compose the only major group of food :
: products for which farm-retail price spreads have not increased :
: in recent years. Average farm-retail price spreads for eggs in :
: the United States in 1959 were 0.6 cent higher than in 1958, but :
: spreads for frying chickens averaged 0.7 cent a pound lower in :
: 1959. Prices paid by urban consumers and farm values of both eggs :
: and frying chickens in 1959 were at their lowest levels in more :
: than 10 years. This article describes recent changes in prices :
: and price spreads for eggs and frying chickens in the United :
: States and selected large cities. :
:

Eggs

Retail egg prices paid by urban consumers in the United States averaged 12 percent lower in 1959 than in 1958, farm values were down 19 percent, and farm-retail spreads were 3 percent wider (table 7). 2/ The greater decline in farm values than in retail prices reduced the farmer's share of the retail price from 68 percent in 1958 to 63 percent in 1959, the lowest annual average share recorded in more than a decade.

Declining egg prices have been influenced largely by increased supplies. The estimated number of eggs produced on farms in the United States in 1959 was 2 percent higher than in 1958 and per capita consumption was down slightly in 1959. Weekly volumes of eggs moved into commercial channels in the United States during 1959 increased from 1 to 18 percent over corresponding weeks in 1958. 3/ These changes in weekly commercial egg movements were strongly affected by substantial increases reported in the South Atlantic, South Central, and western regions. The percentage changes in the western region were less than those in the southern regions. However, the volume of eggs moved in the West was nearly twice the combined volume reported for both southern regions. However, more eggs were still sold off farms in the North Central region than were marketed from any other region in the United States. The big increase in commercial egg production in the South -- a deficit egg producing region a few years ago -- has intensified interregional competition for markets, especially since some southern States are now "exporting" eggs at times to markets in other regions.

1/ Prepared by Leo R. Gray, Agricultural Economist, Mktg. Econ. Res. Div., Agr. Mktg. Serv.

2/ Farm value for eggs is the average payment received by producers for 1.03 dozen eggs.

3/ The definition of commercial egg assemblers used in the "Commercial Egg Movement Report" includes all firms that receive eggs from producers and that handle 400 or more cases of eggs per week from all sources.

Table 7.--Eggs and frying chickens: Retail price, farm value, farm-retail spread, and farmer's share of the retail price, United States urban areas, annual 1950-59, by months January 1958-November 1959

Year and month	Eggs				Chickens (broilers and fryers, ready-to-cook)			
	Retail price per dozen	Farm value	Farm-retail spread	Farmer's share	Retail price per pound	Farm value	Farm-retail spread	Farmer's share
	1/	2/			1/	3/		
	Cents	Cents	Cents	Percent	Cents	Cents	Cents	Percent
1950	57.1	38.0	19.1	67	57.0	37.4	19.6	66
1951	69.7	49.4	20.3	71	59.7	39.0	20.7	65
1952	63.6	43.2	20.4	68	60.0	39.7	20.3	66
1953	66.8	49.0	17.8	73	58.5	37.0	21.5	63
1954	56.2	37.5	18.7	67	52.8	31.6	21.2	60
1955	58.1	40.1	18.0	69	54.8	34.6	20.2	63
1956	57.7	39.8	17.9	69	47.8	26.9	20.9	56
1957	54.9	36.6	18.3	67	46.7	25.9	20.8	55
1958 4/	57.9	39.5	18.4	68	46.1	25.4	20.7	55
1959 5/	50.9	31.9	19.0	63	42.3	22.3	20.0	53
1958 4/								
January	59.3	40.5	18.8	68	45.8	27.3	18.5	60
February ...	55.7	38.5	17.2	69	47.4	27.9	19.5	59
March	61.9	42.6	19.3	69	49.7	29.3	20.4	59
April	57.2	39.7	17.5	69	47.7	26.6	21.1	56
May	54.9	37.9	17.0	69	48.6	27.8	20.8	57
June	52.9	36.3	16.6	69	48.7	28.9	19.8	59
July	55.3	37.9	17.4	69	48.5	26.4	22.1	54
August	57.2	38.8	18.4	68	46.2	24.1	22.1	52
September ..	64.6	43.1	21.5	67	44.1	22.3	21.8	51
October	60.0	40.2	19.8	67	42.6	21.6	21.0	51
November ...	58.9	40.1	18.8	68	42.7	21.6	21.1	51
December ...	56.4	38.1	18.3	68	41.1	20.7	20.4	50
1959								
January	56.4	37.7	18.7	67	42.9	23.8	19.1	55
February ...	54.7	36.9	17.8	67	43.5	23.6	19.9	54
March	53.0	35.1	17.9	66	43.6	23.7	19.9	54
April	46.6	28.9	17.7	62	42.7	22.3	20.4	52
May	43.7	25.9	17.8	59	42.1	21.9	20.2	52
June	42.4	25.6	16.8	60	41.4	21.6	19.8	52
July	50.4	31.1	19.3	62	42.4	22.1	20.3	52
August	51.0	31.8	19.2	62	41.5	21.5	20.0	52
September ..	54.8	33.8	21.0	62	41.7	21.5	20.2	52
October	53.3	32.5	20.8	61	40.6	20.6	20.0	51
November ...	52.1	32.2	19.9	62	40.8	20.6	20.2	50

1/ Estimated average prices of all eggs or frying chickens sold to consumers in retail stores in urban communities, based on prices collected by the Bur. of Labor Statistics. 2/ Average payments received by producers for 1.03 dozen eggs. 3/ Payment to producers for 1.37 pounds of live weight chicken, the equivalent to 1 pound ready-to-cook weight. 4/ Revised. 5/ Preliminary.

This interregional competition has increased cartoning in production areas and increased emphasis on product and price differentiation in an effort to increase net returns by offering more top quality eggs at premium prices. Higher gross returns may be partially offset by higher costs generally associated with the procurement and marketing of these top quality eggs. But these generally higher costs may be counteracted, at least partly, by savings resulting from improved handling methods and equipment and from economies associated with larger scale operations.

Variations in prices usually are not accompanied by corresponding changes in price spreads at the various market levels. Although year-to-year changes in gross farm-retail price spreads may be slight, component price spreads at different market levels in different cities often are more variable and sometimes move in opposite directions. This point has been brought out in a study of monthly price spreads in nine cities for eggs and poultry now being conducted by the Agricultural Marketing Service. This article is based in part on information from this study.

Marketing Spreads in Nine Large Cities ^{4/}

Gross farm-retail price spreads on Grade A large eggs in nine major cities in the United States averaged 24.4 cents a dozen in 1959 -- an increase of 0.4 cent over 1958 (table 8). This slight increase for the nine cities was due to wider average retail-store margins (spreads), since farm-retailer spreads narrowed (fig. 3). Prices, however, declined several cents a dozen at all market levels in all of the cities.

Although the average farm-retail spread for the nine cities showed a slight increase from 1958 to 1959, farm-retail spreads in five of these cities declined. The greatest increase in farm-retail spreads in the nine cities during 1958 and 1959 was in Boston, where the spreads widened 2.5 cents a dozen. The greatest decrease was in Atlanta, 1.8 cents a dozen.

Farm-retail spreads on Grade A large eggs marketed in the nine cities in 1959 were widest in New York City and narrowest in Los Angeles. These high and low positions have been held by these two cities ever since this special study of price spreads was launched in July 1955. Annual averages of farm-retail spreads in New York City have remained fairly stable within the narrow range of 28.9 to 29.6 cents per dozen since 1956, but in Los Angeles farm-retail spreads have increased 4.8 cents over the 15.4 cents annual average for 1956. This change may have resulted in part from a shift in pricing policies with respect to differentials among grades and sizes and may or may not indicate an increase of comparable magnitude in distributors' margins on all grades combined.

^{4/} See the Jan. 1958 and 1959 issues of The Marketing and Transportation Situation for similar articles on eggs and poultry which show individual city annual average prices and price spreads for the years 1956, 1957, and 1958.

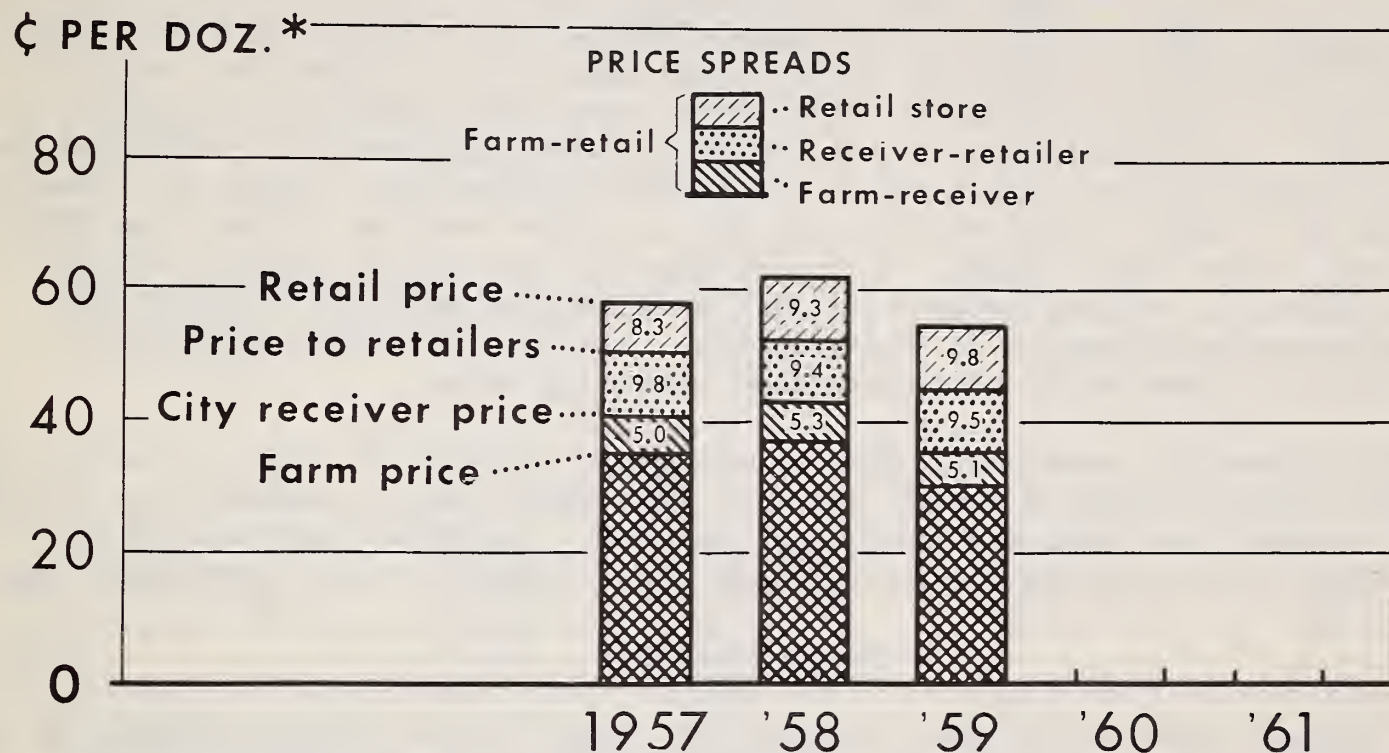
Table 8.--Eggs, Grade A large and medium: Prices per dozen and price spreads at various market levels, 9-city average 1958 and 1959, selected cities 1959

Item	9-city average ^{1/}		Boston	New York	Baltimore	Washington, D. C. ^{1/}
	1958	1959				
	Cents	Cents	Cents	Cents	Cents	Cents
<u>Large:</u>						
Prices:						
Retail	61.8	54.4	59.0	60.3	56.6	60.2
To retailers	52.5	44.6	47.4	47.4	49.2	48.0
To city receivers	43.1	35.1	37.5	36.4	36.4	39.2
Farm ^{2/}	37.8	30.0	35.2	30.7	29.9	35.0
Spreads:						
Farm-retail	24.0	24.4	23.8	29.6	26.7	25.2
Retail store	9.3	9.8	11.6	12.9	7.4	12.2
Farm-retailer	14.7	14.6	12.2	16.7	19.3	13.0
Receiver-retailer ..	9.4	9.5	9.9	11.0	12.8	8.8
Farm-receiver	5.3	5.1	2.3	5.7	6.5	4.2
<u>Medium:</u>						
Prices:						
Retail	54.3	46.3	51.1	49.0	^{3/} 46.6	51.3
To retailers	46.1	37.8	39.9	38.4	41.4	40.4
To city receivers	37.1	29.0	30.6	29.1	29.0	31.2
Farm ^{4/}	^{4/} 31.6	24.0	28.9	23.7	23.3	27.4
Spreads:						
Farm-retail	22.7	22.3	22.2	25.3	23.3	23.9
Retail store	8.2	8.5	11.2	10.6	5.2	10.9
Farm-retailer	14.5	13.8	11.0	14.7	18.1	13.0
Receiver-retailer ..	9.0	8.8	9.3	9.3	12.4	9.2
Farm-receiver	5.5	5.0	1.7	5.4	5.7	3.8
	Atlanta	Cleveland	Chicago	St. Louis	San Francisco	Los Angeles
<u>Large:</u>						
Prices:						
Retail	52.5	55.1	49.8	51.8	53.5	51.3
To retailers	42.7	45.4	44.1	42.2	43.6	39.2
To city receivers	33.9	32.2	32.2	32.4	39.9	34.7
Farm ^{2/}	28.2	28.0	24.7	30.6	31.3	31.1
Spreads:						
Farm-retail	24.3	27.1	25.1	21.2	22.2	20.2
Retail store	9.8	9.7	5.7	9.6	9.9	12.1
Farm-retailer	14.5	17.4	19.4	11.6	12.3	8.1
Receiver-retailer ..	8.8	13.2	11.9	9.8	3.7	4.5
Farm-receiver	5.7	4.2	7.5	1.8	8.6	3.6
<u>Medium:</u>						
Prices:						
Retail	^{3/} 45.7	46.5	42.2	47.2	^{3/} 45.2	^{3/} 43.4
To retailers	36.5	37.9	37.4	38.1	37.0	33.2
To city receivers	27.9	26.4	27.7	28.0	33.3	28.7
Farm	22.7	21.8	19.3	25.9	25.5	25.2
Spreads:						
Farm-retail	23.0	24.7	22.9	21.3	19.7	18.2
Retail store	9.2	8.6	4.8	9.1	8.2	10.2
Farm-retailer	13.8	16.1	18.1	12.2	11.5	8.0
Receiver-retailer ..	8.6	11.5	9.7	10.1	3.7	4.5
Farm-receiver	5.2	4.6	8.4	2.1	7.8	3.5

^{1/} Washington, D. C., is excluded from the 9-city average. ^{2/} Farm prices are computed from prices reported in major commercial supply areas shipping eggs into the respective cities.
^{3/} Estimated annual averages based on data for fewer than 12 months. ^{4/} Revised.

EGGS, GRADE A LARGE

Prices and Price Spreads



* AVERAGES FOR NINE MAJOR U. S. CITIES

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Figure 3

Retail-Store Spreads.--Retail-store spreads in the nine cities have been largest in New York City and smallest in Chicago since 1956. Increases have occurred each year since 1957 in Cleveland, Los Angeles, New York, St. Louis, and San Francisco. San Francisco had the greatest increase -- 2.0 cents a dozen -- from 1958 to 1959, and Atlanta had the greatest decrease -- 0.5 cent a dozen. ^{5/} Using the nine-city average for large eggs, the 1959 retail-store spread of 9.8 cents a dozen as a basis, cities such as Chicago and Baltimore had small average spreads (table 8). Other cities, however, such as New York, Boston, Washington, and Los Angeles had large retail-store spreads.

Farm-Retailer Spreads.--The average spread between prices paid by retailers in the nine cities and prices received by farmers (the farm-retailer spread) has declined slightly since 1957. Los Angeles has consistently shown the smallest farm-retailer spread of all of the nine cities. Chicago had the widest farm-retailer spread in 1959 and 1957, but was edged out by Baltimore

^{5/} For more detailed information on spreads in San Francisco see: Gray, Leo R., Marketing Costs and Price Spreads for Eggs, Frying Chickens, and Turkeys Sold in San Francisco, U. S. Dept. Agr., Mktg. Res. Rept. 314, Apr. 1959.

in 1958. Boston's increase of 1.9 cents a dozen and Atlanta's 1.3-cents decrease were the biggest changes in farm-retailer spreads among the nine cities from 1958 to 1959.

The nine-city average farm-retailer price spread of 14.6 cents a dozen on Grade A large eggs in 1959 closely approximated costs (excluding retail-store margins) reported in a special study on the marketing of midwestern eggs. These costs totaled 12.2 cents a dozen when eggs were cartoned in plants located in the producing areas and 18.2 cents when eggs were shipped loose and required candling and cartoning at the terminal market. ^{6/} Using the nine-city average as a basis, farm-retailer spreads in cities such as Chicago and Baltimore were quite high in 1959. Farm-retailer spreads in Los Angeles and St. Louis were low, and may reflect in part efficiencies made possible by the direct marketing channels in those cities. All four of these cities are located in or near major commercial egg producing areas.

The nine-city average of farm-retail price spreads for Grade A medium eggs in 1959 was 22.3 cents a dozen, 0.4 cent less than that for medium eggs in 1958 and 2.1 cents less than for large eggs in 1959. Intercity differences in prices and price spreads for medium eggs were similar to those for large eggs.

Frying Chickens

Average farm-retail price spreads for ready-to-cook frying chickens in the United States declined 0.7 cent a pound from 1958 to 1959 (table 7). The annual average retail price and farm value averaged, respectively, 42.3 and 22.3 cents a pound, continuing their long-time downward trends. At 53 cents the farm share of the retail dollar spent for frying chickens in 1959 also was the smallest recorded in more than 10 years.

The continued downward trend in farm-retail spreads has been due in part to efforts of marketing firms to survive by lowering their profit margins while striving to increase efficiency in the production and marketing of fryers.

Retail price specials of 29 cents a pound, or lower, have become both common and popular in chainstores and independent supermarkets in many cities.

Marketing Spreads in Nine Large Cities

Farm-retail price spreads on frying chickens in nine major cities in the United States averaged 19.4 cents a pound in 1959 -- a decrease of 1.2 cents from 1958 (table 9). This decline was due mostly to declines in retail-store spreads (fig. 4). Average prices declined several cents a pound in 1959 at all market levels in each of the cities.

^{6/} For more detailed information on these costs see: Conlogue, Robert M., Candling and Cartoning Eggs in Country Plants, U. S. Dept. Agr., Mktg. Res. Rept. 366, Dec. 1959.

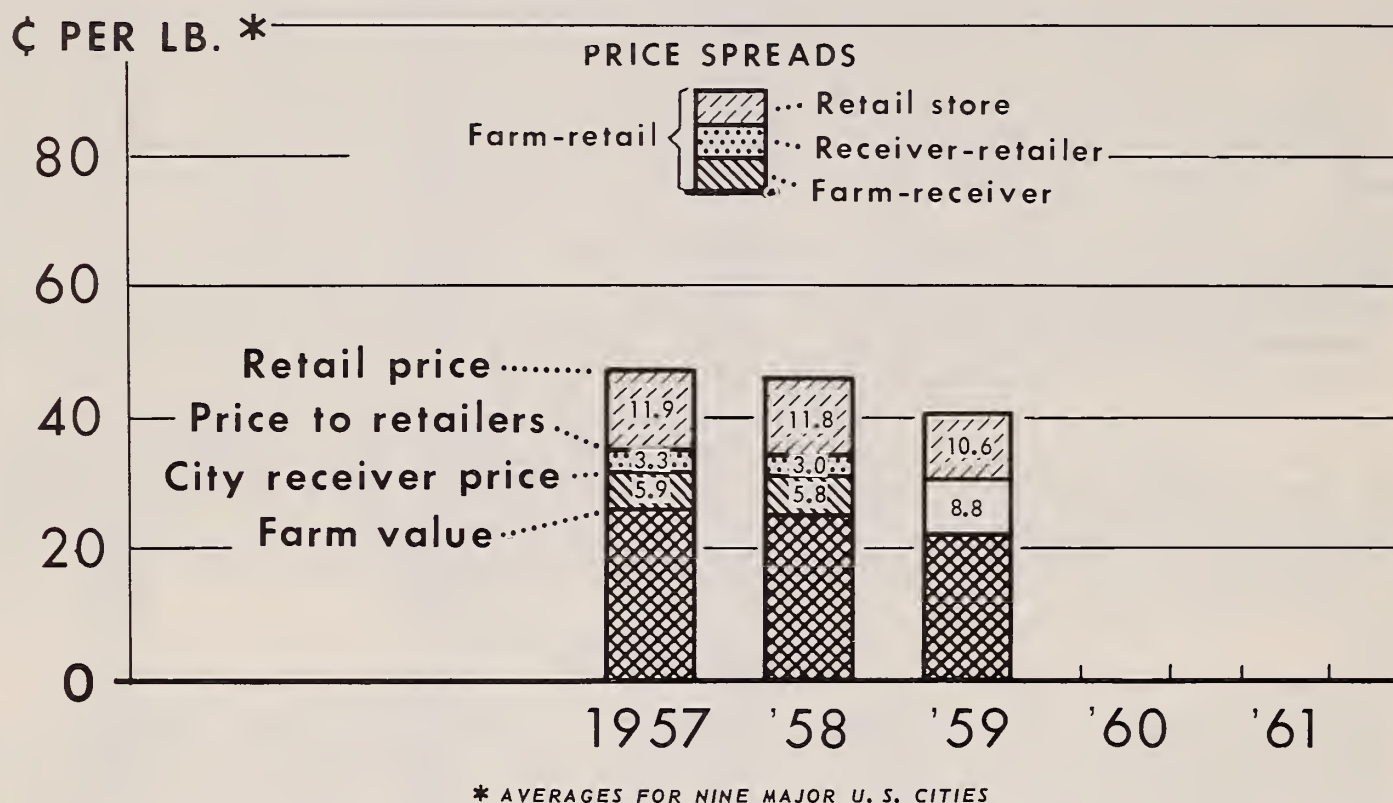
Table 9.--Frying chickens: Prices per pound (ready-to-cook basis) and price spreads at various market levels, 9-city average 1958 and 1959 and selected cities, 1959

Item	9-city average 1/		Boston
	1958	1959	
	Cents	Cents	Cents
Prices:			
Retail	46.1	41.5	43.8
To retailers	34.3	30.9	29.7
To city receivers	31.3	---	28.8
Farm 2/	25.5	22.1	23.2
Spreads:			
Farm-retail	20.6	19.4	20.6
Retail store	11.8	10.6	14.1
Farm-retailer	8.8	8.8	6.5
Receiver-retailer	3.0	---	.9
Farm-receiver	5.8	---	5.6
	New York	Baltimore	Washington, D. C.
Prices:			
Retail	41.2	40.7	38.3
To retailers	30.4	31.7	30.3
To city receivers	28.0	28.9	27.8
Farm 2/	23.1	23.6	22.2
Spreads:			
Farm-retail	18.1	17.1	16.1
Retail store	10.8	9.0	8.0
Farm-retailer	7.3	8.1	8.1
Receiver-retailer	2.4	2.8	2.5
Farm-receiver	4.9	5.3	5.6
	Atlanta	Cleveland	Chicago
Prices:			
Retail	38.2	39.0	38.4
To retailers	28.9	29.4	30.4
To city receivers	26.6	---	27.1
Farm 2/	20.8	21.5	21.3
Spreads:			
Farm-retail	17.4	17.5	17.1
Retail store	9.3	9.6	8.0
Farm-retailer	8.1	7.9	9.1
Receiver-retailer	2.3	---	3.3
Farm-receiver	5.8	---	5.8
	St. Louis	San Francisco	Los Angeles
Prices:			
Retail	36.4	48.7	47.5
To retailers	3/ 29.3	34.5	33.7
To city receivers	27.0	---	28.7
Farm 2/	20.8	23.6	20.8
Spreads:			
Farm-retail	15.6	25.1	26.7
Retail store	7.1	14.2	13.8
Farm-retailer	8.5	10.9	12.9
Receiver-retailer	2.3	---	5.0
Farm-receiver	6.2	---	7.9

1/ Washington, D. C., is excluded from the 9-city average. 2/ Farm values are computed from prices reported in major commercial supply areas shipping frying chickens into the respective cities. 3/ Annual estimates based on data for fewer than 12 months.

FRYING CHICKENS

Prices and Price Spreads



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Figure 4

Atlanta alone among the nine cities had an increase in 1959 in its farm-retail spread -- 0.7 cent a pound. This was due mostly to increases in wholesale margins, as retail-store margins declined. Los Angeles had the biggest decrease in farm-retail margins -- 2.3 cents a pound -- due to lower retail-store spreads.

The two west coast cities, Los Angeles and San Francisco, have consistently reported the widest farm-retail spread on frying chickens. Retail-store spreads in Los Angeles have decreased since 1957, but farm-retailer spreads have increased. ^{7/} In San Francisco, farm-retailer spreads have declined each year since 1956 and the trend in retail-store spreads has trended downward. Although San Francisco had the highest retail-store spread of the nine cities in 1959, the retail-store spread there was 9.2 cents lower than that reported in 1956. Here again, as for eggs, using the nine-city average spreads as a basis, San Francisco, Boston, and Los Angeles have very high retail-store margins (table 9).

^{7/} See footnote 2.

The wide farm-retailer spreads for the two west coast cities partially reflect higher transportation costs, since the bulk of the fryers sold in those cities in recent years came from processors in Alabama, Arkansas, Louisiana, Mississippi, and Texas.

St. Louis had the smallest farm-retail and retail-store spreads in 1959. Boston has the smallest farm-retailer spread, but its retail-store spread was one of the largest. The small retail-store spread on fryers in St. Louis indicates retailers in that city may feature fryers at low markups more often than do retailers in other cities.

Retail-store pricing policies indicate that retailers in different areas tend to favor different products when selecting items to feature as special sales attractions. Frying chickens and eggs, however, seem to fulfill criteria desired by most large retailers for feature sales items. Both products are widely accepted by consumers. They are currently in plentiful supply; they are perishable products which must be moved quickly through stores; and they are usually consumed in households within a relatively short time after purchase.

MARKETING MARGINS FOR DAIRY PRODUCTS 1/

:
: Annual average marketing margins for dairy products did not :
: change significantly from 1958 to 1959. Retail prices, farm :
: values, and marketing margins for fluid milk and evaporated :
: milk were about the same in both years. For butter, retail :
: prices, farm values, and marketing margins changed little :
: during January-August 1959 but rose substantially during :
: September-December. An increase in the farm value of American :
: processed cheese during September-December 1959 was offset by a :
: decrease in the marketing margin, leaving the retail price :
: about the same. Changes in marketing practices have reduced :
: the weighted average of retail prices of fluid milk actually :
: paid by consumers. The following article describes these :
: changes. :
:

Fluid Milk

Retail prices, marketing margins, and farm values for fluid milk averaged about the same in 1959 as those of a year earlier (table 10). 2/ The annual average retail price paid by urban consumers for single quarts of milk was 24.7 cents, an increase of but 0.8 percent from 1958 -- the smallest increase in the annual average since 1955. The farm value in 1959 remained unchanged at 10.7 cents per quart; this was 0.8 cent higher than the low of 1950, 1.2 cents lower than the high in 1952, but the same as the average for the 13-year period 1947-59. The slight increase in retail price and the unchanged farm value resulted in a slight drop in the farmer's share of the retail price. The marketing margin in 1959 was 14.0 cents, 0.2 cent higher than in 1958 -- the smallest increase since 1950. The average annual rate of increase for the 1950-59 period was about 4 percent.

Prices Paid by Household Consumers

Although retail prices in table 10, which are mainly for single-quart sales, increased 1.4 cents, the weighted average price per quart paid by household consumers for milk decreased slightly during the last 4 years. The price of milk in each individual container size increased but the weighted average price decreased because of (1) shifts to multiple-quart containers in which milk usually sells at lower prices per quart than in single-quart containers, (2) shifts away from premium-priced milk to regular homogenized milk (fig. 5), and (3) shifts from home delivery to store purchase for which prices paid by household consumers are usually lower than for home-delivered

1/ Prepared by D. D. MacPherson, Agricultural Economist, and Helen V. Smith, Statistical Assistant, Mktg. Econ. Res. Div., Agr. Mktg. Serv.

2/ The terms marketing margin and farm-retail spread are used interchangeably to define the charges made by marketing agencies for assembling, processing, transporting, and distributing dairy products. These charges, in total, are the difference between the retail price and the farm value or payment farmers received for the equivalent quantity of the raw product.

Table 10.--Fluid milk: Average annual retail price per quart in urban areas, farm value, marketing margin, and farmer's share of retail price, United States, average 1947-49, and annual 1950-59 ^{1/}

Year	Retail price	Farm value	Marketing margin	Farmer's share
	Cents	Cents	Cents	Percent
1947-49	20.1	10.6	9.5	53
1950	19.8	9.9	9.9	50
1951	22.1	11.2	10.9	51
1952	23.2	11.9	11.3	51
1953	22.8	11.1	11.7	49
1954	22.4	10.4	12.0	46
1955	22.5	10.2	12.3	45
1956	23.3	10.6	12.7	45
1957	24.2	10.9	13.3	45
1958	24.5	10.7	13.8	44
1959	24.7	10.7	14.0	43

^{1/} Estimate of retail price is basically a single-quart price computed from data published by the Bur. of Labor Statistics. Farm value is computed from data published by Agr. Mktg. Serv.

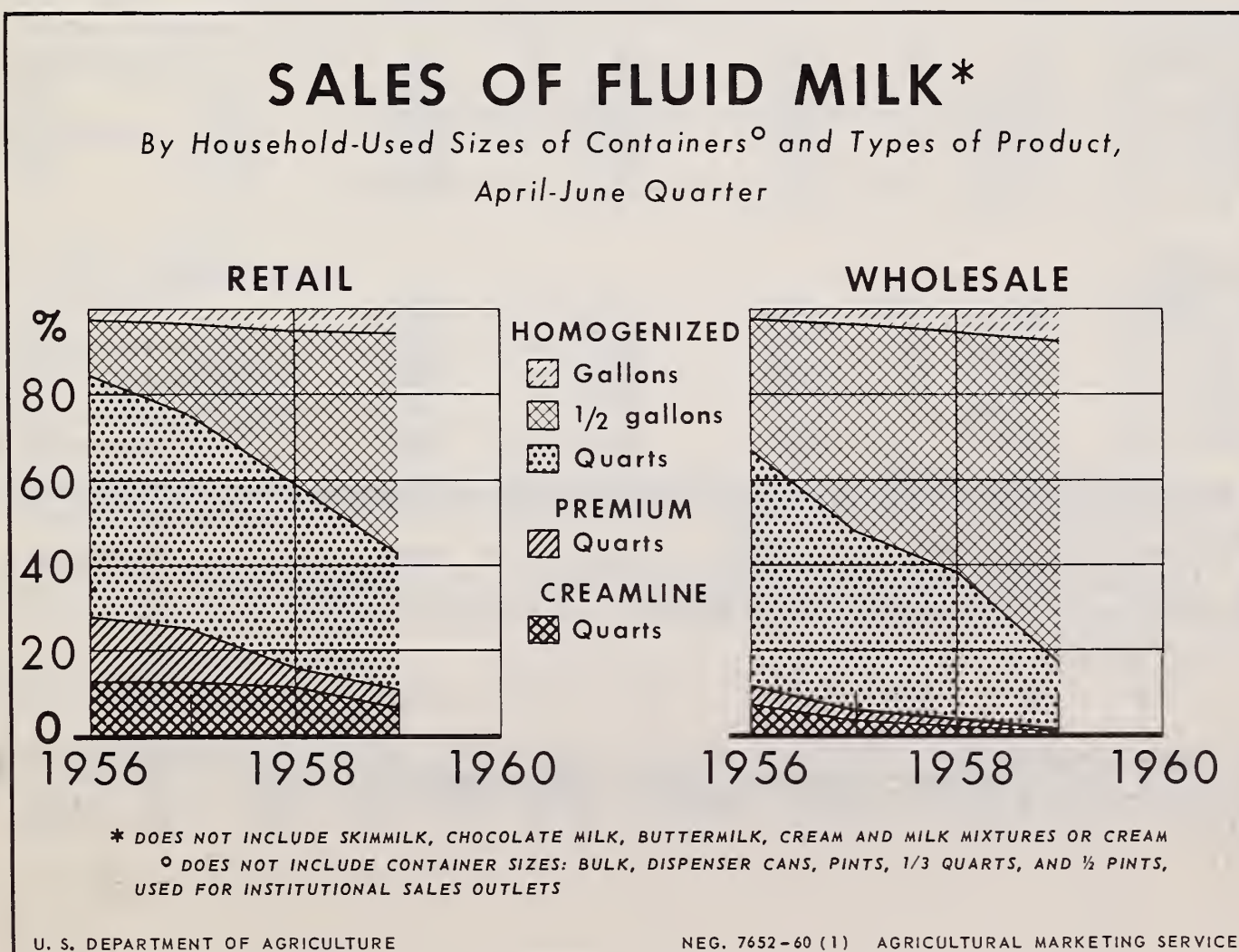


Figure 5

milk. These conclusions are based on a study of the operations of a group of representative fluid milk processing and distributing firms. ^{3/} Of the milk delivered to homes, the proportion in multiple-quart containers increased from 15 percent in 1956 to 57 percent in 1959 and sales of premium-priced milk decreased from 27 percent in 1956 to 10 percent in 1959. Home-delivery sales as a percentage of total sales decreased from 42 percent in 1956 to 37 percent in 1959. The shifts to multiple-quart containers and away from premium-priced milk resulted in a decrease of 0.4 cent per quart in home-delivery prices (table 11); this decrease combined with the effects of the shift to store purchases resulted in a decrease of at least 0.5 cent in the average per-quart price paid by consumers.

The slight decrease in the weighted average price accounts for most of the decrease in the value of products sold by fluid milk distributors. Sales value per 100 pounds of milk processed was \$11.22 in 1956, \$11.15 in 1957, \$11.05 in 1958, and \$11.07 in 1959.

Table 11.--Fluid milk: Listed selling prices per quart, by size of container, April-June 1956-59 ^{1/}

Type of sale and period :	Homogenized :			Premium- :	Creamline- :	Weighted :
	Gallons :	1/2 gallons :	Quarts :	quarts :	quarts :	average :
	<u>Cents</u>	<u>Cents</u>	<u>Cents</u>	<u>Cents</u>	<u>Cents</u>	<u>Cents</u>
Retail :						
Apr.-June :						
1956	20.9	23.4	24.3	26.1	24.2	24.4
1957	21.3	23.0	24.1	27.0	24.1	23.9
1958	20.8	22.9	24.4	27.5	24.3	24.1
1959	21.1	23.3	25.3	27.0	25.0	24.0
Wholesale :						
Apr.-June :						
1956	17.7	20.3	21.8	23.9	22.9	21.1
1957	18.3	21.0	22.1	23.7	22.5	21.0
1958	18.4	20.7	22.6	24.7	22.6	21.3
1959	18.7	20.7	22.5	25.6	22.7	20.9

^{1/} Milk only; does not include skimmed milk, chocolate milk, buttermilk, cream and milk mixture, or cream.

^{2/} Includes only sizes of containers used in households; does not include bulk dispenser cans, pints, 1/3 quarts and 1/2 pints used for institutional sales outlets.

^{3/} Milk Distributors Sales and Costs, July-September 1959, by D. D. MacPherson and Helen V. Smith, MDSC-12, Mktg. Econ. Res. Div., Agr. Mktg. Serv.

Costs and Margins for Fluid Milk Distributors

Fluid milk distributors' costs of \$10.72 per 100 pounds of raw milk processed in 1959 were at about the same level as in 1958. Costs of raw materials and costs of wages, salaries, and commissions increased some from 1958 (table 12). These increases, however, were more than offset by slight decreases in costs for containers and facilities (rent, repairs, and depreciation). Net profits (before income taxes) increased from 33 cents per 100 pounds in 1958 to 37 cents in 1959; on a per quart basis this was an increase from 0.71 cent to 0.79 cent.

Table 12.--Trends in sales value, raw material costs, operating expenses, and margins per unit of product for a selected group of milk distributors, 1952-59

(1952 = 100)

Item	1952	1953	1954	1955	1956	1957	1958	1959 <u>1/</u>
Net sales receipts ...	100	98	94	97	99	98	98	99
Cost of raw materials : for processing and resale:								
Raw milk and cream ..	100	93	87	88	91	88	86	86
Other	100	105	100	109	102	101	98	112
Total cost of raw materials	100	94	89	90	92	90	88	90
Gross margin	100	104	103	107	109	111	112	114
Operating expenses:								
Salaries, wages, and: commissions	100	102	103	106	113	116	119	122
Containers	100	103	108	117	120	118	117	115
Operating supplies ..	100	107	117	107	93	97	97	97
Rent, repairs, and depreciation	100	104	114	120	128	134	136	130
Other expenses	100	102	106	111	113	111	115	117
Total operating expenses	100	103	106	110	114	117	118	119
Net margin before income taxes	100	113	77	77	69	71	63	69

1/ Preliminary.

Delivery costs accounted for most of the increases in total unit operating costs during 1955-58. In the 4-year period total operating costs increased about 7 percent; processing costs increased 1.0 percent but delivery costs increased 12 percent. These data show that improved technology has offset most of the increases in employment cost rates and facility costs in the processing function, but has been less effective in holding down costs in the delivery function where the cost of labor is such a large part of the total.

Manufactured Dairy Products

Cheese

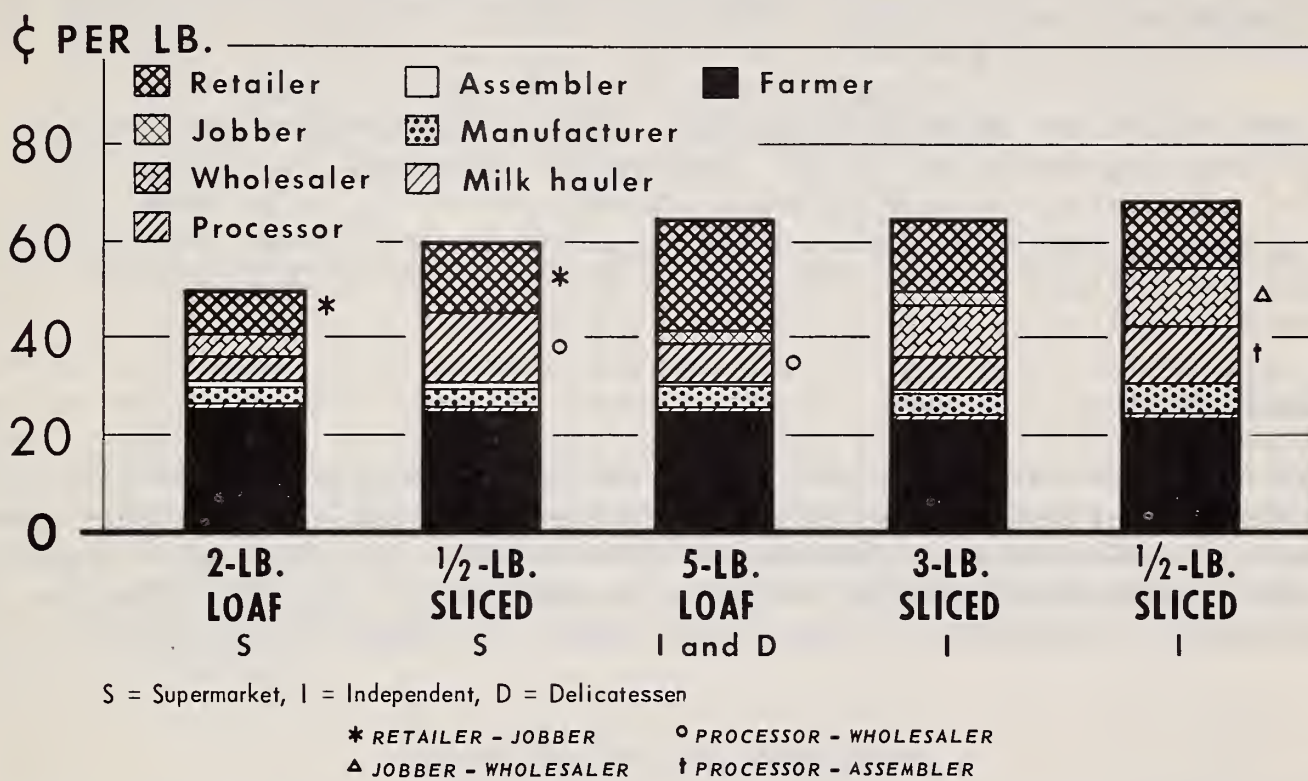
Farm values of American processed cheese increased during September-November 1959; retail prices remained about the same, and marketing margins decreased. In this period, wholesale Cheddar cheese prices were, for the first time since 1952, significantly higher than support levels -- in December they were 10 percent higher. Improved wholesale prices were not reflected in higher retail prices. For the year 1959, the average retail price of American processed cheese was less than 0.2 cent above the 58.0 cents per pound for 1958. For the year the farm value was the same as the 28.1 cents for 1958, and the December farm value was 0.7 cent above the 28.4 cents of a year earlier. The farm value in 1959 was 48 percent of the retail price, the same as in 1958.

Cheese production in Wisconsin, the major cheese-producing State, tends to be highly integrated. A study of the marketing of 12 lots of Wisconsin cheese showed that none moved through independently owned firms at every step. ^{4/} In one case, the following steps were integrated within a cooperative firm: Production of milk, manufacturing, assembling, processing, wholesaling, and jobbing. Assembling-wholesaling-jobbing and jobbing-retailing were frequent combinations of functions. In no case was any marketing function carried on exclusively by independent firms.

The same study showed that type of retail outlet and of package are important influences in returns to farmers, marketing charges, and retail price (fig. 6). Degree of integration was not important. For the 2-pound loaf sold in supermarkets at an average retail price of 49.8 cents per pound, marketing charges were 22.3 cents per pound and return to farmers was 27.5 cents. The lower priced "1/2-pound sliced" was sold in supermarkets at an average retail price of 60.0 cents per pound; marketing charges were 32.9 and return to farmers 27.1 cents. The higher priced 1/2-pound sliced was sold in independent stores at an average retail price of 68.8 cents; marketing charges were 42.9 and farm value 25.9 cents.

^{4/} Marketing Costs and Margins for Selected Lots of Wisconsin Cheddar Cheese, Hugh A. Cook and J. Kenneth Little, Res. Bul. 210, Wisc. Agr. Expt. Sta., May 1959.

*Retail Price, Marketing Margins and Farmer Returns,
Selected Lots of Wisconsin Cheese Marketed in 1956-57*



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Figure 6

The retail price for butter averaged 75.2 cents per pound in 1959, 1 cent higher than in 1958 chiefly because prices rose substantially during September-December. In December the retail price at 78.5 cents was 4.1 cents higher than a year earlier. More than half of this higher price was reflected in the farm value for butter, which was 54.2 cents in December 1959 as compared with 51.9 cents the year before; the marketing margin in December was 1.8 cents higher than a year earlier. The retail segment of the marketing margin was 16.6 cents in December 1959, up 2.5 cents from a year earlier; the wholesale-farm margin was 7.7 cents, down 0.7 cent.

The improved prices for butter and, to a lesser extent, for cheese reflect the fact that these products are, to a considerable extent, residual uses for milk. In 1959, due mainly to increase in population, more milk was utilized in higher value uses, particularly fluid milk, while total milk production was down slightly from 1958. As a consequence, the quantity of milk used for butter and cheese decreased by 4 percent.

Nonfat Dry Milk

The average retail price of instant nonfat dry milk rose 0.1 cent a pound in 1959 from the 1958 average. In the same period, the average farm value of the equivalent quantity of skim milk dropped 0.3 cent. Thus, the marketing margin rose 0.4 cent, while the farmer's share of the retail price dropped from 16 to 15 percent.

Most nonfat dry milk for household use is distributed under private brands of a relatively few firms. Information obtained in a study of the costs of processing and distributing instant nonfat dry milk shows that the heavy promotion and advertising costs involved in development and retaining a market for private brands have made it extremely difficult for some firms to enter the field.

Evaporated Milk

In 1959, the average retail price, marketing margin, and farm value for evaporated milk remained essentially unchanged from 1958. Farm value was 6.2 cents in both years, marketing margin increased 0.1 cent to 9.0 cents and retail price increased 0.1 cent to 15.2 cents per 14 1/2-ounce can. The farm value was 41 percent of the retail price in both 1958 and 1959.

MARKETING MARGINS FOR FRUITS AND VEGETABLES 1/

:
: Marketing margins for fresh fruits and vegetables decreased from :
: 1958 to 1959. Prices farmers received for these products also :
: averaged lower last year than in 1958, so retail prices were :
: down about 5 percent. These decreases followed sharp increases :
: in 1958. Marketing margins for processed fruits and vegetables :
: also decreased in 1959, but increases in prices received by :
: farmers boosted retail prices. Marketing margins for both fresh :
: and processed fruits and vegetables trended upward during the :
: 1950's. :
:

Marketing margins for fruits and vegetables, like those for most other food products, have risen since World War II, but the rate of increase for these products was less than the average for all farm food products in the "market basket." 2/ In 1959, marketing margins for all fruits and vegetables averaged 32 percent higher than in 1947-49; retail prices of these products were up 23 percent from 1947-49 and prices farmers received for them were up 11 percent (table 13). 3/ Much of the increase in marketing margins during this period occurred in 1951, 1952, and 1958. Farmers received 29 cents of the dollar consumers spent for fruits and vegetables in 1959, compared with 33 cents in 1947-49.

Fresh Fruits and Vegetables

The retail cost, farm value, and marketing margin for the fresh fruits and vegetables in the market basket dropped slightly in 1959 from the peak levels reached in 1958. Unfavorable weather late in 1957 and early in 1958 curtailed the supply of some fresh products, and sharp increases in prices and marketing margins followed. In 1959, prices averaged lower as a result of larger supplies of most products and the decline in prices was accompanied by decreases in marketing margins. Much of the decrease in the farm value and retail cost of the fresh fruits and vegetables group was caused by decreases in prices for oranges from the high levels reached in 1958 when the supply was reduced by unfavorable weather. The marketing margin for oranges also declined slightly.

1/ Prepared by Elmer J. Moore and Forrest E. Scott, Agricultural Economists, Mktg. Econ. Res. Div., Agr. Mktg. Serv.

2/ The "market basket" contains the average quantities of farm-produced food products bought by urban wage-earner and clerical-worker families in 1952.

3/ The marketing margin or farm-retail spread is the difference between the retail price and farm value -- the payment the farmer receives for the equivalent farm product. It is an estimate of charges made by marketing agencies for assembling, processing, transporting, and distributing the product. For fruits and vegetables the farm value always increases or decreases by the same proportion as the price received by farmers.

Table 13.-Fruits and vegetables: Retail cost, farm value, marketing margin, and farmer's share of retail cost, 1947-49 average, annual 1950-59

Year	All fruits and vegetables			
	Retail cost	Farm value	Margin	Farmer's share
	Dollars	Dollars	Dollars	Percent
1947-49 average	187.68	60.93	123.75	33
1950	179.96	55.83	124.13	31
1951	193.76	59.06	134.70	30
1952	215.30	70.45	144.85	33
1953	210.56	62.39	148.17	30
1954	209.59	61.55	148.04	29
1955	210.07	61.69	148.38	29
1956	219.80	66.72	153.08	30
1957	218.72	62.23	156.49	28
1958	233.60	66.59	167.01	29
1959 <u>1</u> /	230.62	67.74	162.88	29
	Fresh fruits and vegetables			
	Retail cost	Farm value	Margin	Farmer's share
	Dollars	Dollars	Dollars	Percent
1947-49 average	103.91	42.91	61.00	41
1950	104.87	40.81	64.06	39
1951	109.23	42.85	66.38	39
1952	129.34	53.32	76.02	41
1953	121.48	44.40	77.08	37
1954	120.59	43.82	76.77	36
1955	121.24	44.26	76.98	37
1956	129.34	48.10	81.24	37
1957	130.37	44.76	85.61	34
1958	139.57	49.30	90.27	35
1959 <u>1</u> /	133.31	45.53	87.78	34
	Processed fruits and vegetables			
	Retail cost	Farm value	Margin	Farmer's share
	Dollars	Dollars	Dollars	Percent
1953	89.09	17.99	71.10	20
1954	89.00	17.73	71.27	20
1955	88.84	17.43	71.41	20
1956	90.47	18.62	71.85	21
1957	88.35	17.48	70.87	20
1958	94.02	17.29	76.73	18
1959 <u>1</u> /	97.31	22.21	75.10	23

1/ Preliminary.

The moderate 1959 decrease in the annual average marketing margin for the fresh fruits and vegetables group was the first decrease since 1954. The 1959 average, however, was still 44 percent above the 1947-49 average, and the farm value was up about 6 percent.

Although marketing margins for fresh fruits and vegetables decreased in 1959, the farm value declined more, causing a reduction in the farmer's share of the consumer's dollar. Farmers received 34 percent of the dollar consumers spent for these products in 1959, compared with 35 cents in 1958 and 41 cents in 1947-49.

Processed Fruits and Vegetables

Marketing margins for processed fruits and vegetables in the market basket decreased 2 percent from 1958 to 1959, but the effect on the retail prices was more than offset by an increase in farm values (table 13). Farm values of frozen concentrated and canned orange juice were up sharply from 1958 levels. A small decline in the retail price of frozen concentrated orange juice in 1959 together with the rise in the farm value caused a decrease of about one-fourth in the margin. Retail prices of the canned product rose less than farm values, and marketing margins decreased in 1959. Decreases in the marketing margins in 1959 followed sharp increases in 1958.

Marketing margins for processed fruits and vegetables have not risen as much in recent years as those for the fresh products. The marketing margin for the processed fruits and vegetables in the market basket was 6 percent higher in 1959 than in 1953, the first year for which data are published. During the same period, marketing margins for fresh products rose 14 percent.

Farmers received 23 cents of the dollar consumers spent for processed fruits and vegetables in 1959, compared with 18 cents in 1958 and 20 cents in 1953.

Factors Affecting Margins for Fruits and Vegetables

Transportation charges are a substantial part of the marketing margin for fruits and vegetables. Transportation charges increased between 1947 and 1958, partly because rates advanced and partly because of the increasing proportion of fresh vegetables produced in areas located far from consuming markets. The index of railroad freight rates for fresh fruits and vegetables was 27 percent higher in 1958 than in 1947-49. Charges for refrigeration services also increased.

No general increases have been made in rail freight rates since February 1958 and selective rate reductions since then have resulted in a slight decrease in the average level of railroad freight rates for fresh fruits and vegetables. ^{4/} Most reductions resulted from new "incentive" rates in the form of carload rates or "volume" rates given to shippers who load their railroad cars above a heavier specified minimum weight. For example, the rate per 100 pounds of carrots shipped from Salinas, California, to New York was raised on February 15, 1958, to \$2.35 with 30,000 pounds as the specified minimum weight. On April 14, 1958, the railroads put into effect an "incentive rate" of \$2.19 per 100 pounds for carlots of 40,000 pounds minimum weight.

^{4/} The Marketing and Transportation Situation, Oct. 1959, p. 12.

The proportion of fresh fruits and vegetables shipped by truck has continued to increase. Long distance shipments by truck are becoming more common. Truck unloads of fresh fruits and vegetables accounted for 62 percent of the total rail and truck unloads at 13 major cities in 1957 compared with 53 percent in 1951. ^{5/} Since many of the truck shipments are made by exempt carriers, specific rate information is not generally available, but it is known that truck rates too have increased considerably since 1947-49.

Labor costs are a major component of the marketing bill for fruits and vegetables. Average hourly earnings of employees in the canning and preserving industry increased from \$1.04 in 1947 to \$1.67 in 1958, and to \$1.73 in 1959. Hourly earnings of employees of firms specializing in the marketing of fresh fruits and vegetables increased, but statistical data are not available. Improvements in productivity, however, kept labor costs from rising as much as hourly earnings.

Costs of most goods and services purchased by marketing firms have risen during the last 10 years. Rents, taxes, and many other costs also increased during this period.

Profits of major canning companies, as a percentage of stockholder's equity, in recent years have generally been lower than profits for most other groups of food processing firms. In 1958, profits of 5 leading canning companies averaged 8.4 percent (after taxes) compared with an average of 10.2 percent for major companies in all lines of food processing. Profits (after taxes) of the canning companies were lower in 1958 than in 1947-49, both as a percentage of sales and as a percentage of stockholder's equity. Some of these firms operated freezing as well as canning plants. Major chain-store companies reported profits (after taxes) of 13.8 percent of stockholder's equity in 1958 compared with 16.5 percent in 1947-49.

Changes in marketing practices and channels in recent years probably have held down certain marketing costs. The shift from wood containers to the cheaper fiberboard containers in shipping lettuce and several other fresh products is an example of a change that reduced costs. Fiberboard containers cost less to pack, handle, and load, and they weigh less and make a more compact load in a railroad car or truck, resulting in economies in freight and refrigeration costs. The extension of self-service in retailing produce is another example of a cost-reducing change. Prepackaging of fresh fruits and vegetables and an increase in the proportion sold in processed form greatly facilitated self-service merchandising. Direct buying probably has resulted in savings in procurement and handling costs. The number of retail firms buying fresh fruits and vegetables directly from shipping-point dealers or from growers and buying processed products directly from processors has increased in recent years. Cooperative organizations of independent retailers and voluntary chains sponsored by wholesale firms have made available to independent retailers the advantages of direct buying possessed by the larger chainstore companies.

^{5/} See "Rail and Truck Shares in the Hauling of Perishables: Some Recent Developments," by Clem C. Linnenberg, Jr., The Marketing and Transportation Situation, July 1958.

MAGNITUDE OF TAXES IN MARKETING FOOD PRODUCTS 1/

During 1956, the latest year for which data are available, food-marketing corporations paid about \$1.6 billion in taxes, 68 percent more than the 1947-49 average (table 14). The amount of taxes paid by these companies has shown a pronounced upward trend since the end of World War II, with little evidence of leveling off.

Sixty-two percent of the taxes paid by food-marketing firms were Federal income taxes. The remainder was other taxes -- real estate and personal property taxes, social security, unemployment insurance, State income, and franchise taxes and license fees. Retail sales taxes on food, although, by and large, not included in the marketing bill, represent part of the price paid by consumers to obtain food products. Twenty-four States and the District of Columbia have some type of retail sales tax on food. Based on 1958 tax rates and census sales data, the tax on retail food store sales of food items is provisionally estimated at between \$300 and \$400 million. Retail sales taxes on food are not included in the estimate of \$1.6 billion.

Of the total tax payment of \$1.6 billion in 1956, food processors paid 67 percent, retail food stores 22 percent, and wholesale food firms 11 percent (table 14). During the period 1945-56 the share of the taxes paid by retail food stores increased from 12 to 22 percent whereas the share of food processors declined from 80 to 67 percent. Part of this increase in taxes for retail food stores resulted from an increase in the proportion of sales made by corporate retail food stores relative to noncorporate stores. In 1956, about 50 percent of the retail food business was done by corporations compared with about 38 percent in 1945.

Taxes per dollar of sales of food processors rose from 2.9 cents in 1947 to 3.0 cents in 1956 while those of retail food stores increased from 1.6 cents to 1.8 cents. But taxes of wholesale firms declined from 1.1 cents to 1.0 cent per dollar of sales. 2/

Noncorporate Food Marketing Firms

Estimates have not been made of the taxes paid by noncorporate firms marketing farm food products. Noncorporate food processing firms probably accounted for less than 10 percent of the taxes paid by all food processors. According to the 1954 Census, noncorporate food processing firms accounted for

1/ Prepared by William T. Wesson, Agricultural Economist, Mktg. Econ. Res. Div., Agr. Mktg. Serv. This article is based on research initiated during 1959 to determine the types and magnitude of taxes involved in the marketing of agricultural commodities. Plans are to study some of the effects of taxes on market structure.

2/ Compared with 1945 and 1946, the taxes per dollar of sales over the period 1945-56, have declined for food processors, retailers, and wholesalers. The higher rates for 1945 and 1946 reflect the excess profits tax that was in effect in 1945. For this reason, the year 1947 was selected as the base year for indicating the trend over the period in question.

about 11 percent of the value added by manufacture in the food and kindred products manufacturing industry. Similarly, noncorporate retail food stores accounted for about 55 percent of the total sales of food in 1954 and noncorporate wholesale food firms for about 41 percent of the total sales of food. Noncorporate food processing firms and retail and wholesale food firms are substantially smaller than corporate firms and, therefore, can be expected to incur a lower tax per dollar of sales than the latter. This expectation is due both to the tendency for large firms to earn more per dollar of sales than small firms and to the fact that higher incomes incur higher effective tax rates.

Table 14.-Taxes paid in marketing food products by processing, wholesaling, and retailing corporations, 1945-51 and 1953-56 1/

Year:	Type of firm				Percentage of total taxes paid			
	Food : pro- cessors:	Whole- sale : food : firms	Retail : food : stores	Total, all : groups : 2/	Food : pro- cessors:	Whole- sale : food : firms	Retail : food : stores	Total, all : groups
	Million dollars	Million dollars	Million dollars	Million dollars	Percent	Percent	Percent	Percent
1945 :	721.1	67.4	112.0	900.5	80	8	12	100
1946 :	749.8	132.0	129.8	1,011.6	74	13	13	100
1947 :	750.9	122.5	136.9	1,010.3	74	12	14	100
1948 :	678.2	113.1	143.6	934.9	73	12	15	100
1949 :	680.8	120.7	161.7	963.2	71	12	17	100
1950 :	888.1	155.6	194.5	1,238.2	72	12	16	100
1951 :	908.2	156.8	209.5	1,274.5	71	12	17	100
1953 :	986.7	152.3	266.0	1,405.0	70	11	19	100
1954 :	950.1	152.1	280.2	1,382.4	69	11	20	100
1955 :	1,094.0	166.2	315.5	1,575.7	69	11	20	100
1956 :	1,091.4	178.7	360.4	1,630.5	67	11	22	100

1/ Total taxes include Federal income taxes, excess profits taxes where applicable, and "taxes paid." The latter category consists principally of taxes on real estate, personal property, social security, unemployment insurance, State income, franchise taxes, and license fees. Total taxes paid by these corporations have been adjusted to allow for beverages and nonfood products processed or handled.

2/ Includes excess profits taxes of \$364,207,000, 1945; \$26,868,000, 1946; \$48,736,000, 1950; \$42,687,000, 1951; \$44,647,000, 1953; and \$3,213,000, 1954.

Based on data from the Internal Revenue Service Source Book.

THE COST OF ADVERTISING IN FOOD MARKETING 1947-56 1/

Advertising expenditures by corporations in marketing farm food products increased from \$398 million in 1947 to \$976 million in 1956, the latest year for which data are available (table 15). The rapid rate of increase in media rates and the introduction of new products probably were the principal reasons for this rise. All three types of marketing firms made notable increases in their advertising expenditures but retailers increased their expenditures at a much faster rate than did wholesalers and manufacturers (table 16). One factor which may account for this was the 70-percent growth in number of retail food corporations, while wholesale food corporations increased 25 percent and food manufacturing corporations decreased about 1 percent. However, in 1956, retailers spent only 17 percent of the total expenditure by food marketing corporations for advertising.

Estimates of advertising expenditures were made by the Agricultural Marketing Service from data obtained from the Internal Revenue Service. 2/ These estimates cover corporations engaged in food manufacturing, wholesaling, and retailing for the period 1947 through 1956. They do not include advertising expenditures by noncorporate firms, trade associations, producers' cooperatives, or other noncorporate organizations. 3/ Internal Revenue Service data have been adjusted to exclude advertising expenditures for all nonfood items.

The definition of advertising costs used in this study is the one developed by Internal Revenue Service for corporations reporting advertising as a tax deduction. It states:

"advertising (expenditures) must be ordinary and necessary and bear a reasonable relation to the business activities in which the corporation is engaged."

The Internal Revenue Service recognizes advertising costs as comprising two general classes: (1) Expenses of selling a firm's products by advertising in newspapers, magazines, radio programs, trade periodicals, and other media and (2) expense of maintaining the firm's trade name, acquainting the public with the quality of its products and preserving good will built up over past years. The second type of advertising can take the same form as the first or it may be in other forms, e.g., calendars and other products given customers. Other promotional expenses were not included.

Over the past 9 years, manufacturers of food and kindred products consistently spent more for advertising than wholesaler and retailer corporations. 4/ Manufacturers spent more than 70 percent of the total for food marketing advertising.

1/ Prepared by Roberta Lamb, Agricultural Economist, Mktg. Econ. Res. Div., Agr. Mktg. Serv.

2/ 1952 data were not compiled by the Internal Revenue Service.

3/ See page 39 for a discussion of the relative importance of corporate and noncorporate firms in marketing food products.

4/ Average number of corporations reporting for this period for each of the groups was as follows: Manufacturers, 10,663; wholesalers, 8,447; retailers, 9,198.

Some changes occurred in the relative importance of expenditures by wholesaler and retailer groups (table 15). Since 1951, advertising expenditures by wholesalers, as a proportion of total advertising costs declined slightly while these expenditures by retail corporations increased.

Table 15.-Expenditures for advertising food and kindred products by manufacturing, wholesaling, and retailing corporations, 1947-51 and 1953-56

Year: 1/ :	Type of firm				Percentage of total expenditures			
	Manu- factur- ing	Whole- saling	Retail- ing	Total	Manu- factur- ing	Whole- saling	Retail- ing	Total
	Million dollars	Million dollars	Million dollars	Million dollars	Percent	Percent	Percent	Percent
1947	319.5	37.3	41.5	398.3	80	9	11	100
1948	345.7	46.4	47.3	439.4	79	10	11	100
1949	374.4	52.4	55.2	482.0	78	11	11	100
1950	435.1	64.8	60.2	560.1	78	11	11	100
1951	470.1	70.3	69.1	609.5	77	12	11	100
1953	558.4	78.5	91.7	728.6	77	11	12	100
1954	610.9	78.8	106.4	796.1	77	10	13	100
1955	688.3	75.3	135.7	899.3	77	8	15	100
1956	724.0	84.8	167.4	976.2	74	9	17	100

1/ Data for 1952 were not available.

Estimates based on data obtained from Internal Revenue Service.

Table 16.-Indexes of expenditures for advertising food and kindred products by manufacturing, wholesaling, and retailing corporations, 1947-51 and 1953-56

1947 = 100				
Year	Manufacturing	Wholesaling	Retailing	Total expenditures
1947	100	100	100	100
1948	108	124	114	110
1949	117	140	133	121
1950	136	174	145	141
1951	147	188	167	153
1953	175	210	221	183
1954	191	211	256	200
1955	215	202	327	226
1956	227	227	403	245

Based on data in table 15.

SELECTED NEW PUBLICATIONS

1. "A Method of Measuring Transit Time for Rail Carloads of Agricultural and Other Products," by J. Edward Jay, U.S. Dept. Agr., Agr. Mktg. Serv. Pub. 339, Oct. 1959.
2. "A Survey of the Florida Foliage Plant Industry," by Charles A. Nicholls, Cecil N. Smith, and Donald L. Brooke, Fla. Agr. Expt. Sta. Bul. 615, Dec. 1959. (AMS cooperating.)
3. "An Analysis of Costs for Packing Potatoes in 10-Pound Bags in the Southeast," by George L. Capel and R.E.L. Greene, Fla. Agr. Expt. Sta., Agr. Econ. Mimeo. Rpt. 60-6, Dec. 1959. (AMS cooperating.)
4. "Capacity and Processing Trends in the Fats and Oils Industry," by J. Dale Peier and C.B. Gilliland, U.S. Dept. Agr., Mktg. Res. Rpt. 360, Sept. 1959.
5. "Changes in American Textile Industry -- Competition, Structure, Facilities, Costs," by L.D. Howell, U.S. Dept. Agr. Tech. Bul. 1210, Nov. 1959.
6. "Comparative Accuracy of Two Methods of Pricing Turkeys," by Earl H. Rinear, U.S. Dept. Agr., Mktg. Res. Rpt. 359, Aug. 1959.
7. "Costs of Packing Arkansas Peaches in 1958," by Joseph C. Podany and Donald E. Farris, U.S. Dept. Agr., Mktg. Res. Rpt. 361, Aug. 1959. (Ark. Agr. Expt. Sta. cooperating.)
8. "Effect of Consumer Purchases of Nonfat Dry Milk on Purchases of Fresh Milk, Evaporated Milk, and Filled Milk," by Michael G. Van Dress and Mardy Myers, U.S. Dept. Agr., Mktg. Res. Rpt. 372, Nov. 1959.
9. "Factors Affecting the Output, Size, Costs and Location of Poultry Plants in Southern New England -- 1. Costs, Efficiency and Economies of Scale in Broiler Processing Plants," by R.O.P. Farrish and S.K. Seaver, Storrs Agr. Expt. Sta. Bul. 342, Sept. 1959. (AMS cooperating.)
10. "Marketing Costs and Margins for Selected Lots of Wisconsin Cheddar Cheese," by Hugh L. Cook and J. Kenneth Little, Wisc. Agr. Expt. Sta. Res. Bul. 210, May 1959. (USDA cooperating.)
11. "Marketing Domestic Dates -- Packinghouse Practices and Costs," by Dale G. Stallings, U.S. Dept. Agr., Mktg. Res. Rpt. 373, Nov. 1959.
12. "Marketing New England Carnations," by Elmar Jarvesoo and Robert A. Fitzpatrick, Mass. Agr. Expt. Sta. Bul. 517, Dec. 1959. (AMS cooperating.)
13. "Marketing New Jersey Fresh Vegetables, Part 1. New Jersey's Position in Fresh Vegetable Production," by David J. Burns, N.J. Agr. Expt. Sta. Pub. A.E. 237, Oct. 1959. (AMS cooperating.)
14. "Measuring Weekly Changes in the Wholesale and Retail Movement of Apples," by Peter L. Henderson and Sidney E. Brown, U.S. Dept. Agr., Mktg. Res. Rpt. 351, Sept. 1959.
15. "Merchandising Milk Through Vending Machines," by James H. Clarke and Walter F. Thompson, W. Va. Agr. Expt. Sta. Bul. 430, June 1959. (Published for State Agr. Expt. Stas. of Conn. (Storrs), Me., Md., Mass., N.H., N.J., N.Y., (Cornell), Pa., R.I., Vt., Va., and W. Va., and for AMS.)
16. "Milk Vending -- A Market-Wide Evaluation in Berkeley County, W. Va.," by James H. Clarke, Mardy Myers, and J. Scott Hunter, W. Va. Agr. Expt. Sta. Bul. 429, June 1959. (AMS cooperating.)
17. "Movement of Shell Eggs into Retail Channels in the Chicago Metropolitan Area," by John R. Pederson, William L. Mitchell, and Norris T. Pritchard, U.S. Dept. Agr., Agr. Mktg. Serv. Pub. 338, Sept. 1959.
18. "Sour Cream -- A Study of Its Market Potential in Des Moines, Iowa," by Edward J. McGrath and Margaret Weidenhamer, U.S. Dept. Agr., Mktg. Res. Rpt. 368, Oct. 1959.
19. "The Agricultural Exemption in Interstate Trucking: Developments in 1957-58," by Celia Sperling, U.S. Dept. Agr., Mktg. Res. Rpt. 352, July 1959.
20. "The Demand, Supply, and Price Structure for Eggs," by Martin J. Gerra, U.S. Dept. Agr. Tech. Bul. 1204, Nov. 1959.

:	:
:	Publications issued by State Agricultural Experiment
:	Stations may be obtained from the issuing Station.
:	:

LIST OF SPECIAL ARTICLES

in

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Table 17.- Farm food products: Retail cost, farm value of equivalent quantities sold by producers, byproduct allowance, farm-retail spread, and farmer's share of retail cost, annual 1958 ^{1/}

Product ^{2/}	Farm equivalent	Retail unit	Retail cost	Gross farm value	Byproduct allowance	Net farm value	Farm-retail spread	Farmer's share
			Dollars	Dollars	Dollars	Dollars	Dollars	Percent
Market basket ^{3/}			1,064.16	---	---	429.55	634.61	40
Meat products			292.08	---	---	165.34	126.74	57
Dairy products			194.02	---	---	87.94	106.08	45
Poultry and eggs		Average quantities purchased per urban wage-earner and clerical-worker family in 1952	96.28	---	---	60.35	35.93	63
Bakery and cereal products	Farm produce equivalent to products bought by urban families							
All ingredients			159.83	---	---	29.91	129.92	19
Grain			---	25.08	3.07	22.01	---	14
All fruits and vegetables			233.60	---	---	66.59	167.01	29
Fresh fruits and vegetables			139.57	---	---	49.30	90.27	35
Fresh vegetables			70.29	---	---	22.86	47.43	33
Processed fruits and vegetables			94.02	---	---	17.29	76.73	18
Fats and oils			44.88	---	---	12.20	32.68	27
Miscellaneous products			43.47	---	---	7.23	36.24	17
			Cents	Cents	Cents	Cents	Cents	Percent
Beef (Choice grade)	2.16 lb. Choice grade cattle	Pound	81.0	55.3	4.5	50.8	30.2	63
Lamb (Choice grade)	2.37 lb. lamb	Pound	74.6	49.6	6.8	42.8	31.8	57
Pork (retail cuts)	2.13 lb. hogs	Pound	64.8	43.2	6.3	36.9	27.9	57
Butter	Cream and whole milk	Pound	74.2	---	---	51.1	23.1	69
Cheese, American process	Milk for American cheese	Pound	58.0	---	---	28.1	29.9	48
Ice cream	Cream and milk	1/2 gallon	5/87.8	---	---	4/5/21.9	5/65.9	5/25
Milk, evaporated	Milk for evaporating	14-1/2 ounce can	15.1	---	---	6.2	8.9	41
Milk, fluid	Wholesale fluid milk	Quart	24.5	---	---	10.7	13.8	44
Chickens, frying, ready-to-cook	1.37 lb. broilers	Pound	46.1	---	---	25.4	20.7	55
Eggs	1.03 doz.	Dozen	57.9	---	---	39.5	18.4	68
Bread, white								
All ingredients	Wheat and other ingredients	Pound	19.3	---	---	3.0	16.3	16
Wheat .....	.894 lb. wheat	Pound	19.3	2.7	.3	2.4	16.9	12
Crackers, soda	1.40 lb. wheat	Pound	29.2	4.2	.5	3.7	25.5	13
Corn flakes	1.57 lb. white corn	12 ounces	25.4	4.3	1.2	3.1	22.3	12
Corn meal	1.34 lb. white corn	Pound	12.9	3.6	.4	3.2	9.7	25
Flour, white	7.0 lb. wheat	5 pounds	55.2	20.9	2.4	18.5	36.7	34
Roller oats	2.31 lb. oats	18 ounces	20.3	4.2	.6	3.6	16.7	18
Apples ^{6/}	1.08 lb. apples	Pound	14.7	---	---	3.9	10.8	27
Grapefruit ^{7/}	1.04 grapefruit	Each	12.9	---	---	2.8	10.1	22
Lemons	1.04 lb. lemons	Pound	18.6	---	---	4.0	14.6	22
Oranges	1.04 doz. oranges	Dozen	76.0	---	---	30.1	45.9	40
Beans, green ^{6/}	1.09 lb. snap beans	Pound	23.4	---	---	9.9	13.5	42
Cabbage	1.10 lb. cabbage	Pound	8.9	---	---	2.3	6.6	26
Carrots	1.06 lb. carrots	Pound	14.7	---	---	3.7	11.0	25
Celery	1.11 lb. celery	Pound	16.1	---	---	5.1	11.0	32
Lettuce	1.41 lb. lettuce	Head	17.3	---	---	5.5	11.8	32
Onions	1.06 lb. onions	Pound	10.0	---	---	3.3	6.7	33
Potatoes	10.42 lb. potatoes	10 pounds	62.6	---	---	18.7	43.9	30
Sweetpotatoes	1.12 lb. sweetpotatoes	Pound	15.8	---	---	5.3	10.5	34
Tomatoes	1.18 lb. tomatoes	Pound	32.1	---	---	11.6	20.5	36
Orange juice, canned	5.88 lb. Fla. oranges for canning	46 ounce can	39.8	---	---	7.9	31.9	20
Peaches, canned	1.89 lb. Calif. cling	No. 2-1/2 can	34.2	---	---	6.1	28.1	18
Beans with pork, canned .....	.35 lb. Mich. dry beans	16 ounce can	15.1	---	---	2.7	12.4	18
Corn, canned	2.49 lb. sweet corn	No. 303 can	17.7	---	---	2.4	15.3	14
Peas, canned .....	.69 lb. peas for canning	No. 303 can	21.1	---	---	3.1	18.0	15
Tomatoes, canned	1.84 lb. tomatoes for processing	No. 303 can	17.0	---	---	2.3	14.7	14
Orange juice concentrate, frozen	3.05 lb. Fla. oranges for frozen concentrated juice	6 ounce can	27.0	---	---	7.9	19.1	29
Strawberries, frozen .....	.51 lb. strawberries for processing	10 ounces	26.4	---	---	5.3	21.1	20
Beans, green, frozen .....	.71 lb. beans for processing	9 ounces	23.0	---	---	4.4	18.6	19
Peas, frozen .....	.70 lb. peas for freezing	10 ounces	19.6	---	---	3.2	16.4	16
Dried beans (navy)	1.00 lb. Mich. dry beans	Pound	18.0	---	---	7.8	10.2	43
Dried prunes .....	.97 lb. dried prunes	Pound	34.1	---	---	10.8	23.3	32
Margarine, colored	Soybeans, cottonseed, and milk	Pound	29.4	---	---	7.3	22.1	25
Peanut butter	1.77 lb. peanuts	Pound	55.5	---	---	18.6	36.9	34
Salad dressing	Cottonseed, soybeans, sugar, and eggs	Pint	37.8	---	---	6.8	31.0	18
Vegetable shortening	Soybeans and cottonseed	3 pounds	94.4	---	---	26.3	68.1	28
Corn sirup	1.90 lb. corn	24 ounces	25.8	3.6	.7	2.9	22.9	11
Sugar	37.76 lb. sugar beets	5 pounds	56.3	21.3	1.1	7/20.2	7/36.1	7/36

^{1/} The methods of calculation and the sources of price data are given in Part II of "Farm-Retail Spreads for Food Products," U. S. Dept. Agr. Misc. Pub. 741, 1957.

^{2/} Product groups include more items than those listed in this table. For example, the meat products group includes veal and lower grades of beef in addition to carcass beef of Choice grade, lamb, and pork.

^{3/} Market basket total may differ from sum of product group totals because of rounding of averages.

^{4/} Includes farm value of cream and milk only.

^{5/} Data for this item revised because of change in retail unit.

^{6/} 10-month average.

^{7/} 7-month average.

^{8/} Net farm value adjusted for Government payments to producer was 24.5 cents, farm-retail spread adjusted for Government processor tax was 33.5 cents, farmer's share of retail cost based on adjusted farm value was 44 percent.

Table 18.- Farm food products: Retail cost, farm value of equivalent quantities sold by producers, byproduct allowance, farm-retail spread, and farmer's share of retail cost, annual 1959 ^{1/}

Product ^{2/}	Farm equivalent	Retail unit	Retail cost	Gross farm value	Byproduct allowance	Net farm value	Farm-retail spread	Farmer's share
			Dollars	Dollars	Dollars	Dollars	Dollars	Percent
Market basket ^{3/}			1,040.15	---	---	398.95	641.20	38
Meat products			280.93	---	---	146.94	133.99	52
Dairy products			195.03	---	---	88.06	106.97	45
Poultry and eggs		Average quantities purchased	86.17	---	---	50.35	35.82	58
Bakery and cereal products	Farm produce equivalent to products bought by urban families	per urban wage-earner and clerical-worker family in 1952	161.13	---	---	27.87	133.26	17
All ingredients			---	24.10	3.05	21.05	---	13
Grain			230.62	---	---	67.74	162.88	29
All fruits and vegetables			133.31	---	---	45.53	87.78	34
Fresh fruits and vegetables :			69.46	---	---	22.56	46.90	32
Fresh vegetables			97.31	---	---	22.21	75.10	23
Processed fruits and vegetables			42.77	---	---	10.78	31.99	25
Fats and oils			43.51	---	---	7.21	36.30	17
Miscellaneous products								
			Cents	Cents	Cents	Cents	Cents	Percent
Beef (Choice grade)	2.16 lb. Choice grade cattle	Pound	82.7	56.1	5.1	51.0	31.7	62
Lamb (Choice grade)	2.37 lb. lamb	Pound	70.5	44.5	6.9	37.6	32.9	53
Pork (retail cuts)	2.13 lb. hogs	Pound	57.2	31.3	3.9	27.4	29.8	48
Butter	Cream and whole milk	Pound	75.2	---	---	52.2	23.0	69
Cheese, American process	Milk for American cheese	Pound	58.2	---	---	28.1	30.1	48
Ice cream	Cream and milk	1/2 gallon	87.8	---	---	4/22.3	65.5	25
Milk, evaporated	Milk for evaporating	14-1/2 ounce can	15.2	---	---	6.2	9.0	41
Milk, fluid	Wholesale fluid milk	Quart	24.7	---	---	10.7	14.0	43
Chickens, frying, ready-to-cook	1.37 lb. broilers	Pound	42.3	---	---	22.3	20.0	53
Eggs	1.03 doz.	Dozen	50.9	---	---	31.9	19.0	63
Bread, white								
All ingredients	Wheat and other ingredients	Pound	19.7	---	---	2.8	16.9	14
Wheat .....	.894 lb. wheat	Pound	---	2.6	.3	2.3	---	12
Crackers, soda	1.40 lb. wheat	Pound	29.1	4.1	.5	3.6	25.5	12
Corn flakes	1.57 lb. white corn	12 ounces	25.6	3.2	.8	2.4	23.2	9
Corn meal	1.34 lb. white corn	Pound	13.0	2.7	.3	2.4	10.6	18
Flour, white	7.0 lb. wheat	5 pounds	54.4	20.3	2.5	17.8	36.6	33
Rolled oats	2.31 lb. oats	18 ounces	20.4	4.5	.8	3.7	16.7	18
Apples	1.08 lb. apples	Pound	14.2	---	---	4.0	10.2	28
Grapefruit	1.04 grapefruit	Each	13.3	---	---	2.5	10.8	19
Lemons	1.04 lb. lemons	Pound	18.9	---	---	5.0	13.9	26
Oranges	1.04 doz. oranges	Dozen	66.5	---	---	21.6	44.9	32
Beans, green	1.09 lb. snap beans	Pound	25.8	---	---	11.2	14.6	43
Cabbage	1.10 lb. cabbage	Pound	9.3	---	---	2.6	6.7	28
Carrots	1.06 lb. carrots	Pound	14.4	---	---	3.4	11.0	24
Celery	1.11 lb. celery	Pound	14.1	---	---	3.8	10.3	27
Lettuce	1.41 lb. lettuce	Head	18.1	---	---	6.1	12.0	34
Onions	1.06 lb. onions	Pound	11.3	---	---	4.0	7.3	35
Potatoes	10.42 lb. potatoes	10 pounds	63.2	---	---	19.4	43.8	31
Sweetpotatoes	1.12 lb. sweetpotatoes	Pound	13.8	---	---	4.3	9.5	31
Tomatoes	1.18 lb. tomatoes	Pound	29.6	---	---	10.5	19.1	35
Orange juice, canned	5.88 lb. Fla. oranges for canning	46 ounce can	49.9	---	---	19.0	30.9	38
Peaches, canned	1.89 lb. Calif. cling	No. 2-1/2 can	35.5	---	---	5.9	29.6	17
Beans with pork, canned .....	.35 lb. Mich. dry beans	16 ounce can	15.0	---	---	2.2	12.8	15
Corn, canned	2.49 lb. sweet corn	No. 303 can	19.3	---	---	2.3	17.0	12
Peas, canned .....	.69 lb. peas for canning	No. 303 can	20.4	---	---	3.0	17.4	15
Tomatoes, canned	1.84 lb. tomatoes for processing	No. 303 can	15.5	---	---	2.3	13.2	15
Orange juice concentrate, frozen	3.05 lb. Fla. oranges for frozen concentrated juice	6 ounce can	25.9	---	---	11.2	14.7	43
Strawberries, frozen .....	.51 lb. strawberries for processing	10 ounces	26.2	---	---	6.5	19.7	25
Beans, green, frozen .....	.71 lb. beans for processing	9 ounces	22.7	---	---	4.3	18.4	19
Peas, frozen .....	.70 lb. peas for freezing	10 ounces	19.9	---	---	3.1	16.8	16
Dried beans (navy)	1.00 lb. Mich. dry beans	Pound	17.2	---	---	6.3	10.9	37
Dried prunes .....	.97 lb. dried prunes	Pound	39.8	---	---	17.7	22.1	44
Margarine, colored	Soybeans, cottonseed, and milk	Pound	28.0	---	---	6.7	21.3	24
Peanut butter	1.77 lb. peanuts	Pound	55.7	---	---	18.4	37.3	33
Salad dressing	Cottonseed, soybeans, sugar, and eggs	Pint	37.6	---	---	6.2	31.4	16
Vegetable shortening	Soybeans and cottonseed	3 pounds	88.3	---	---	24.4	63.9	28
Corn sirup	1.90 lb. corn	24 ounces	26.5	3.6	.6	3.0	23.5	11
Sugar	37.03 lb. sugar beets	5 pounds	57.1	21.6	1.1	5/20.5	5/36.6	5/36

^{1/} The methods of calculation and the sources of price data are given in Part II of "Farm-Retail Spreads for Food Products," U. S. Dept. Agr. Misc. Pub. 741, 1957.

^{2/} Product groups include more items than those listed in this table. For example, the meat products group includes veal and lower grades of beef in addition to carcass beef of Choice grade, lamb, and pork.

^{3/} Market basket total may differ from sum of product group totals because of rounding of averages.

^{4/} Includes farm value of cream and milk only.

^{5/} Net farm value adjusted for Government payments to producer was 24.9 cents, farm-retail spread adjusted for Government processor tax was 34.0 cents, farmer's share of retail cost based on adjusted farm value was 44 percent.

Preliminary estimates.

Tables 19.- Farm food products: Retail cost and farm value, October-December 1959, July-September 1959, October-December 1958, and 1947-49 average 1/

Product 2/	Retail unit	Retail cost						Net farm value 3/					
		Oct.-		July-		Oct.-		Oct.-		July-		Oct.-	
		Dec.		Sept.		Dec.		Dec.		Sept.		Dec.	
		1959	1958	1959	1958	1959	1958	1959	1958	1959	1958	1959	1958
		Dollars	Dollars	Dollars	Dollars	Percent	Percent	Dollars	Dollars	Dollars	Dollars	Percent	Percent
Market basket 6/		1,033.50	1,044.43	5/1,047.90	940.09	-1	-1	386.59	5/396.42	5/410.75	466.02	-2	-6
Meat products		272.68	280.60	5/288.91	256.08	-3	-6	132.94	5/144.57	5/158.26	170.90	-8	-16
Dairy products		197.82	195.29	5/195.40	169.23	1	1	90.92	5/87.67	5/89.39	91.66	4	2
Poultry and eggs	Average quantities purchased per urban wage-earner and clerical-worker family in 1952	87.29	86.98	5/93.35	117.01	7/	-6	50.07	50.14	5/56.75	80.69	7/	-12
Bakery and cereal products		161.31	161.25	160.93	121.96	7/	7/	27.76	5/27.55	5/28.39	34.97	1	-2
All ingredients		---	---	---	---	---	---	21.33	21.05	20.75	24.96	1	3
Grain		229.14	234.26	221.05	184.68	-2	4	68.14	5/68.79	5/59.41	60.93	-1	15
All fruits and vegetables		132.28	136.16	124.09	103.91	-3	7	46.55	5/46.08	5/41.31	42.91	1	13
Fresh fruits and vegetables		69.35	67.38	60.79	53.17	3	14	22.68	5/21.80	5/17.61	22.97	4	29
Fresh vegetables		96.86	98.10	96.96	---	-1	7/	21.59	5/22.70	5/18.11	---	-5	19
Processed fruits and vegetables		41.91	42.57	44.68	52.21	-2	-6	9.67	5/10.45	5/11.42	19.84	-7	-15
Fats and oils		43.34	43.53	43.59	38.87	7/	-1	7.09	5/7.27	5/7.12	7.03	-2	7/
Miscellaneous products													
		Cents	Cents	Cents	Cents	Percent	Percent	Cents	Cents	Cents	Cents	Percent	Percent
Beef (Choice grade)	Pound	81.9	82.6	81.0	68.5	-1	1	48.4	50.5	5/49.8	48.5	-4	-3
Lamb (Choice grade)	Pound	66.1	73.6	74.6	63.9	-10	-11	33.9	39.1	5/41.1	44.2	-13	-18
Pork (retail cuts)	Pound	54.0	57.3	62.2	59.4	-6	-13	23.3	5/27.0	33.5	39.7	-14	-30
Butter	Pound	77.0	75.0	74.5	79.4	3	3	53.8	52.2	51.6	59.3	3	4
Cheese, American process	Pound	58.3	58.3	57.9	52.6	0	1	28.9	27.8	28.4	32.0	4	2
Ice cream	1/2 gallon	87.8	87.8	8/87.8	---	0	0	9/23.0	8/9/22.3	8/9/21.9	---	3	5
Milk, evaporated	14 1/2 ounce can	15.2	15.2	15.1	13.7	0	1	6.3	6.1	6.2	7.1	3	2
Milk, fluid	Quart	25.1	24.7	24.8	20.1	2	1	11.1	10.6	11.0	10.6	5	1
Chickens, frying, ready-to-cook	Pound	41.7	41.9	5/42.1	---	7/	-1	21.8	21.7	5/21.3	---	7/	2
Eggs	Dozen	52.5	52.1	58.4	66.7	1	-10	32.1	32.2	5/39.5	48.0	7/	-19
Bread, white													
All ingredients	Pound	19.8	19.7	19.6	13.5	1	1	2.8	2.8	2.8	3.3	0	0
Wheat	Pound	---	---	---	---	---	---	2.3	2.3	2.3	2.7	0	0
Crackers, soda	Pound	29.0	29.1	29.3	---	7/	-1	3.7	3.6	3.5	---	3	6
Corn flakes	12 ounces	25.7	25.6	25.6	17.1	7/	7/	2.1	2.4	2.4	3.2	-12	-12
Corn meal	Pound	13.0	13.0	12.9	11.8	0	1	2.1	2.4	2.4	3.6	-12	-12
Flour, white	5 pounds	54.0	54.1	54.8	48.4	7/	-1	18.3	17.8	17.6	21.0	3	4
Rolled oats	18 ounces	20.5	20.4	20.4	14.5	7/	7/	4.0	3.7	3.5	4.9	8	14
Apples	Pound	12.5	15.4	12.1	11.9	-19	3	4.6	4.1	5/3.8	4.3	12	21
Grapefruit	Each	12.8	16.0	10/13.2	8.5	-20	-3	2.1	3.4	5/10/2.9	1.4	-38	-28
Lemons	Pound	19.8	18.4	18.5	17.7	8	7	5.2	5.2	4.2	5.7	0	24
Oranges	Dozen	68.6	69.4	79.9	46.6	-1	-14	20.2	21.9	28.2	12.6	-8	-28
Beans, green	Pound	28.6	19.8	22.2	21.1	44	29	12.8	8.7	9.3	9.3	47	38
Cabbage	Pound	9.9	8.5	7.2	6.9	16	38	3.7	2.9	1.7	1.9	28	118
Carrots	Pound	14.6	14.3	13.9	11.1	2	5	3.5	4.0	3.1	4.0	-12	13
Celery	Pound	15.2	14.1	14.3	---	8	6	4.6	4.2	3.8	---	10	21
Lettuce	Head	20.6	18.8	17.5	14.5	10	18	7.4	5/6.8	5.3	6.3	9	40
Onions	Pound	8.5	9.8	9.1	8.4	-13	-7	1.9	2.6	2.9	3.7	-27	-34
Potatoes	10 pounds	60.1	69.1	50.5	51.9	-13	19	18.4	21.3	5/11.8	25.6	-14	56
Sweetpotatoes	Pound	12.2	14.6	13.0	11.6	-16	-6	3.2	4.4	4.1	4.8	-27	-22
Tomatoes	Pound	29.8	23.0	26.7	---	30	12	10.8	7.7	9.3	---	40	16
Orange juices, canned	46 ounce can	51.6	51.8	45.8	---	7/	13	17.9	20.2	9.9	---	-11	81
Peaches, canned	No. 2-1/2 can	34.1	35.6	34.8	31.5	-4	-2	5.6	5.8	5/6.1	5.3	-3	-8
Beans with pork, canned	16 ounce can	14.9	15.0	15.2	---	-1	-2	2.0	2.1	2.2	---	-5	-9
Corn, canned	No. 303 can	19.1	19.5	18.2	16.7	-2	5	2.3	2.3	2.3	2.7	0	0
Peas, canned	No. 303 can	19.6	20.3	21.1	21.4	-3	-7	3.0	3.0	3.0	3.0	0	0
Tomatoes, canned	No. 303 can	15.2	15.4	16.3	14.2	-1	-7	2.3	2.3	5/2.3	2.6	0	0
Orange juice concentrate, frozen	6 ounce can	26.4	26.2	28.9	---	1	-9	11.9	11.9	8.7	---	0	37
Strawberries, frozen	10 ounces	26.5	26.2	26.4	---	1	7/	6.9	5/6.7	6.1	---	3	13
Beans, green, frozen	9 ounces	22.4	22.7	23.1	---	-1	-3	4.3	4.3	4.3	---	0	0
Peas, frozen	10 ounces	19.9	19.9	19.9	---	0	0	3.2	3.1	3.1	---	3	3
Dried beans (navy)	Pound	16.9	17.3	17.9	19.9	-2	-6	5.5	5.9	6.2	9.7	-7	-11
Dried prunes	Pound	39.8	40.2	36.7	23.1	-1	8	17.2	17.9	13.9	8.8	-4	24
Margarine, colored	Pound	27.9	27.7	29.0	39.7	1	-4	6.0	5/6.7	6.6	12.2	-10	-9
Peanut butter	Pound	55.5	55.6	56.7	---	7/	-2	17.2	17.4	18.8	---	-1	-9
Salad dressing	Pint	37.1	37.7	37.9	37.8	-2	-2	5.7	6.1	5/6.6	10.0	-7	-14
Vegetable shortening	3 pounds	85.6	88.6	92.9	105.6	-3	-8	21.7	5/24.4	24.1	46.2	-11	-10
Corn sirup	24 ounces	26.5	26.5	26.2	---	0	1	2.7	3.2	2.8	---	-16	-4
Sugar	5 pounds	57.7	57.3	56.9	48.4	1	1	20.4	5/20.5	5/20.3	19.4	7/	7/

1/ The methods of calculation and the sources of price data are given in Part II of "Farm-Retail Spreads for Food Products," U. S. Dept. Agr. Misc. Pub. 741, 1957.

2/ Product groups include more items than those listed in this table. For example, the meat products group includes veal and lower grades of beef in addition to carcass beef of Choice grade, lamb, and pork.

3/ Gross farm value adjusted to exclude imputed values of byproducts obtained in processing.

4/ Preliminary estimates.

5/ Most retail cost figures for July-Sept. 1959 have been revised; figures in other columns revised as indicated.

6/ Sum of product groups may differ slightly from market-basket total because of rounding of averages.

7/ Less than 0.5 percent.

8/ Data for this item revised because of change in retail unit.

9/ Farm value of cream and milk only.

10/ 2-month average.

Table 20.- Farm food products: Farm-retail spread and farmer's share of the retail cost, October-December 1959, July-September 1959, October-December 1958, and 1947-49 average 1/

Product 2/	Retail unit	Farm-retail spread 3/				Farmer's share					
		Oct.-	July-	Oct.-	Percentage change	Oct.-	July-	Oct.-	1947-49	1947-49	
		Dec.	Sept.	Dec.	from -	Dec.	Sept.	Dec.	average	average	
		1959	1959	1958	July-Sept. 1959	1959	1959	1958			
		Dollars	Dollars	Dollars	Dollars	Percent	Percent	Percent	Percent	Percent	Percent
Market basket 6/		646.91	648.06	5/637.15	474.07	1/	2	37	38	39	50
Meat products		139.74	136.03	5/130.65	85.18	3	7	49	5/52	5/55	67
Dairy products		106.90	107.62	5/106.01	77.62	-1	1	46	5/45	5/46	54
Poultry and eggs	Average quantities purchased	37.22	36.84	5/36.60	36.32	1	2	57	58	5/61	69
Bakery and cereal products	per urban wage-earner and clerical-worker	133.55	133.70	5/132.54	86.99	1/	1	17	17	18	29
All ingredients	family in 1952	85.73	90.08	5/82.78	61.00	-5	4	35	34	33	41
Grain		46.67	45.58	5/43.18	30.20	2	8	33	32	29	43
All fruits and vegetables		161.00	165.47	5/161.64	123.75	-3	1/	30	29	27	33
Fresh fruits and vegetables		85.73	90.08	5/82.78	61.00	-5	4	35	34	33	41
Fresh vegetables		46.67	45.58	5/43.18	30.20	2	8	33	32	29	43
Processed fruits and vegetables		75.27	75.40	5/78.85	—	1/	-5	22	23	19	—
Fats and oils		32.24	32.12	5/33.26	32.37	1/	-3	23	5/25	26	38
Miscellaneous products		36.25	36.26	5/36.47	31.84	1/	-1	16	17	16	18
		Cents	Cents	Cents	Cents	Percent	Percent	Percent	Percent	Percent	Percent
Beef (Choice grade)	Pound	33.5	32.1	5/31.2	20.0	4	7	59	61	5/61	71
Lamb (Choice grade)	Pound	32.2	34.5	5/33.5	19.7	-7	-4	51	53	55	69
Pork (retail cuts)	Pound	30.7	30.3	28.7	19.7	1	7	43	47	54	67
Butter	Pound	23.2	22.8	22.9	20.1	2	1	70	70	69	75
Cheese, American process	Pound	29.4	30.5	29.5	20.6	-4	1/	50	48	49	61
Ice cream	1/2 gallon	64.8	65.5	8/65.9	—	-1	-2	26	8/25	8/25	—
Milk, evaporated	14 1/2 ounce can	8.9	9.1	8.9	6.6	-2	0	41	40	41	52
Milk, fluid	Quart	14.0	14.1	13.8	9.5	-1	1	44	43	44	53
Chickens, frying, ready-to-cook	Pound	19.9	20.2	5/20.8	—	-1	-4	52	52	5/51	—
Eggs	Dozen	20.4	19.9	5/18.9	18.7	3	8	61	62	5/68	72
Bread, white											
All ingredients	Pound	17.0	16.9	16.8	10.2	1	1	14	14	14	24
Wheat	Pound	—	—	—	—	—	—	12	12	12	20
Crackers, soda	Pound	25.3	25.5	25.8	—	-1	-2	13	12	12	—
Corn flakes	12 ounces	23.6	23.2	23.2	13.9	2	2	8	9	9	19
Corn meal	Pound	10.9	10.6	10.5	8.2	3	4	16	18	19	31
Flour, white	5 pounds	35.7	36.3	37.2	27.4	-2	-4	34	33	32	43
Rolled oats	18 ounces	16.5	16.7	16.9	9.6	-1	-2	20	18	17	34
Apples	Pound	7.9	11.3	5/8.3	7.6	-30	-5	37	5/27	5/31	36
Grapefruit	Each	10.7	12.6	5/9/10.3	7.1	-15	4	16	21	5/9/22	16
Lemons	Pound	14.6	13.2	14.3	12.0	11	2	26	5/28	23	32
Oranges	Dozen	48.4	47.5	51.7	34.0	2	-6	29	5/32	35	27
Beans, green	Pound	15.8	11.1	12.9	11.1	42	22	45	44	42	44
Cabbage	Pound	6.2	5.6	5.5	5.0	11	13	37	5/34	24	28
Carrots	Pound	11.1	10.3	10.8	7.1	8	3	24	5/28	22	36
Celery	Pound	10.6	9.9	10.5	—	7	1	30	30	27	—
Lettuce	Head	13.2	12.0	12.2	8.2	10	8	36	36	30	43
Onions	Pound	6.6	7.2	6.2	4.7	-8	6	22	27	32	44
Potatoes	10 pounds	41.7	47.8	5/38.7	26.3	-13	8	31	5/31	23	49
Sweetpotatoes	Pound	9.0	10.2	8.9	6.8	-12	1	26	30	32	41
Tomatoes	Pound	19.0	15.3	17.4	—	24	9	36	5/33	35	—
Orange juice, canned	46 ounce can	33.7	31.6	35.9	—	7	-6	35	39	22	—
Peaches, canned	No. 2-1/2 can	28.5	29.8	5/28.7	26.2	-4	-1	16	16	18	17
Beans with pork, canned	16 ounce can	12.9	12.9	13.0	—	0	-1	13	14	14	—
Corn, canned	No. 303 can	16.8	17.2	15.9	14.0	-2	6	12	12	13	16
Peas, canned	No. 303 can	16.6	17.3	18.1	18.4	-4	-8	15	15	14	14
Tomatoes, canned	No. 303 can	12.9	13.1	5/14.0	11.6	-2	-8	15	15	5/14	18
Orange juice concentrate, frozen	6 ounce can	14.5	14.3	20.2	—	1	-28	45	45	30	—
Strawberries, frozen	10 ounces	19.6	19.5	20.3	—	1	-3	26	26	23	—
Beans, green, frozen	9 ounces	18.1	18.4	18.8	—	-2	-4	19	19	19	—
Peas, frozen	10 ounces	16.7	16.8	16.8	—	-1	-1	16	16	16	—
Dried beans (navy)	Pound	11.4	11.4	11.7	10.2	0	-3	33	34	35	49
Dried prunes	Pound	22.6	22.3	22.8	14.3	1	-1	43	45	38	38
Margarine, colored	Pound	21.9	21.0	22.4	27.5	4	-2	22	5/24	23	31
Peanut butter	Pound	38.3	38.2	37.9	—	1/	1	31	31	33	—
Salad dressing	Pint	31.4	31.6	5/31.3	27.8	-1	1/	15	16	17	26
Vegetable shortening	3 pounds	63.9	64.2	68.8	59.4	1/	-7	25	5/28	26	44
Corn sirup	24 ounces	23.8	23.3	23.4	—	2	2	10	12	11	—
Sugar	5 pounds	37.3	36.8	5/36.6	29.0	1	2	35	5/36	5/36	40

1/ The methods of calculation and the sources of price data are given in Part II of "Farm-Retail Spreads for Food Products," U. S. Dept. Agr. Misc. Pub. 741, 1957.

2/ Product groups include more items than those listed in this table. For example, the meat products group includes veal and lower grades of beef in addition to carcass beef of Choice grade, lamb, and pork.

3/ The farm-retail spread is the difference between the retail cost and the net farm value, table on opposite page.

4/ Preliminary estimates.

5/ Most farm-retail spread figures for July-Sept. 1959 have been revised; figures in other columns revised as indicated.

6/ Sum of product groups may differ slightly from market basket total because of rounding of averages.

7/ Less than 0.5 percent.

8/ Data for this item revised because of change in retail unit.

9/ 2-month average.

Table 21.-Farm food products: Retail cost, farm value of equivalent quantities sold by producers, byproduct allowance, farm-retail spread, and farmer's share of retail cost, October-December 1959 1/

Product 2/	Farm equivalent	Retail unit	Retail cost	Gross farm value	Byproduct allowance	Net farm value	Farm-retail spread	Farmer's share
			Dollars	Dollars	Dollars	Dollars	Dollars	Percent
Market basket 3/			1,033.50	---	---	386.59	646.91	37
Meat products			272.68	---	---	132.94	139.74	49
Dairy products			197.82	---	---	90.92	106.90	46
Poultry and eggs		Average quantities purchased per urban wage-earner and clerical-worker family in 1952	87.29	---	---	50.07	37.22	57
Bakery and cereal products	Farm produce equivalent to products bought by urban families		161.31	---	---	27.76	133.55	17
All ingredients			---	24.48	3.15	21.33	---	13
Grain			229.14	---	---	68.14	161.00	30
All fruits and vegetables			132.28	---	---	46.55	85.73	35
Fresh fruits and vegetables			69.35	---	---	22.68	46.67	33
Fresh vegetables								
Processed fruits and vegetables			96.86	---	---	21.59	75.27	22
Fats and oils			41.91	---	---	9.67	32.24	23
Miscellaneous products			43.34	---	---	7.09	36.25	16
			Cents	Cents	Cents	Cents	Cents	Percent
Beef (Choice grade)	2.16 lb. Choice grade cattle	Pound	81.9	52.8	4.4	48.4	33.5	59
Lamb (Choice grade)	2.38 lb. lamb	Pound	66.1	40.9	7.0	33.9	32.2	51
Pork (retail cuts)	2.13 lb. hogs	Pound	54.0	26.4	3.1	23.3	30.7	43
Butter	Cream and whole milk	Pound	77.0	---	---	53.8	23.2	70
Cheese, American process	Milk for American cheddar	Pound	58.3	---	---	28.9	29.4	50
Ice cream	Cream and milk	1/2 gallon	87.8	---	---	4/23.0	64.8	26
Milk, evaporated	Milk for evaporating	14-1/2 ounces can	15.2	---	---	6.3	8.9	41
Milk, fluid	Wholesale fluid milk	Quart	25.1	---	---	11.1	14.0	44
Chickens, frying, ready-to-cook	1.37 lb. broilers	Pound	41.7	---	---	21.8	19.9	52
Eggs	1.03 doz.	Dozen	52.5	---	---	32.1	20.4	61
Bread, white								
All ingredients	Wheat and other ingredients	Pound	19.8	---	---	2.8	17.0	14
Wheat	.894 lb. wheat	Pound	19.8	2.7	.4	2.3	17.5	12
Crackers, soda	1.40 lb. wheat	Pound	29.0	4.2	.5	3.7	25.3	13
Corn flakes	1.57 lb. white corn	12 ounces	25.7	2.8	.7	2.1	23.6	8
Corn meal	1.34 lb. white corn	Pound	13.0	2.4	.3	2.1	10.9	16
Flour, white	7.0 lb. wheat	5 pounds	54.0	20.8	2.5	18.3	35.7	34
Rolls, white	2.31 lb. oats	18 ounces	20.5	4.8	.8	4.0	16.5	20
Apples	1.08 lb. apples	Pound	12.5	---	---	4.6	7.9	37
Grapefruit	1.04 grapefruit	Each	12.8	---	---	2.1	10.7	16
Lemons	1.04 lb. lemons	Pound	19.8	---	---	5.2	14.6	26
Oranges	1.04 doz. oranges	Dozen	68.6	---	---	20.2	48.4	29
Beans, green	1.09 lb. snap beans	Pound	28.6	---	---	12.8	15.8	45
Cabbage	1.10 lb. cabbage	Pound	9.9	---	---	3.7	6.2	37
Carrots	1.06 lb. carrots	Pound	14.6	---	---	3.5	11.1	24
Celery	1.11 lb. celery	Pound	15.2	---	---	4.6	10.6	30
Lettuce	1.41 lb. lettuce	Head	20.6	---	---	7.4	13.2	36
Onions	1.06 lb. onions	Pound	8.5	---	---	1.9	6.6	22
Potatoes	10.42 lb. potatoes	10 pounds	60.1	---	---	18.4	41.7	31
Sweetpotatoes	1.12 lb. sweetpotatoes	Pound	12.2	---	---	3.2	9.0	26
Tomatoes	1.13 lb. tomatoes	Pound	29.8	---	---	10.8	19.0	36
Orange juice, canned	5.88 lb. Fla. oranges for canning	46 ounce can	51.6	---	---	17.9	33.7	35
Peaches, canned	1.89 lb. Calif. cling	No. 2-1/2 can	34.1	---	---	5.6	28.5	16
Beans with pork, canned	.35 lb. Mich. dry beans	16 ounce can	14.9	---	---	2.0	12.9	13
Corn, canned	2.49 lb. sweet corn	No. 303 can	19.1	---	---	2.3	16.8	12
Peas, canned	.69 lb. peas for canning	No. 303 can	19.6	---	---	3.0	16.6	15
Tomatoes, canned	1.84 lb. tomatoes for processing	No. 303 can	15.2	---	---	2.3	12.9	15
Orange juice concentrate, frozen	3.05 lb. Fla. oranges for frozen concentrated juice	6 ounce can	26.4	---	---	11.9	14.5	45
Strawberries, frozen	.51 lb. strawberries for processing	10 ounces	26.5	---	---	6.9	19.6	26
Beans, green, frozen	.71 lb. beans for processing	9 ounces	22.4	---	---	4.3	18.1	19
Peas, frozen	.70 lb. peas for freezing	10 ounces	19.9	---	---	3.2	16.7	16
Dried beans (navy)	1.00 lb. Mich. dry beans	Pound	16.9	---	---	5.5	11.4	33
Dried prunes	.97 lb. dried prunes	Pound	39.8	---	---	17.2	22.6	43
Margarine, colored	Soybeans, cottonseed, and milk	Pound	27.9	---	---	6.0	21.9	22
Peanut butter	1.77 lb. peanuts	Pound	55.5	---	---	17.2	38.3	31
Salad dressing	Cottonseed, soybeans, sugar, and eggs	Pint	37.1	---	---	5.7	31.4	15
Vegetable shortening	Soybeans and cottonseed	3 pounds	85.6	---	---	21.7	63.9	25
Corn sirup	1.90 lb. corn	24 ounces	26.5	3.3	.6	2.7	23.8	10
Sugar	37.45 lb. sugar beets	5 pounds	57.7	21.5	1.1	5/20.4	5/37.3	5/35

1/ The methods of calculation and the sources of price data are given in Part II of "Farm-Retail Spreads for Food Products," U. S. Dept. Agr. Misc. Pub. 741, 1957.

2/ Product groups include more items than those listed in this table. For example, the meat products group includes veal and lower grades of beef in addition to carcass beef of Choice grade, lamb, and pork.

3/ Market basket total may differ from sum of product group totals because of rounding of averages.

4/ Includes farm value of cream and milk only.

5/ Net farm value adjusted for Government payments to producer was 24.9 cents, farm-retail spread adjusted for Government processor tax was 34.6 cents, farmer's share of retail cost based on adjusted farm value was 43 percent.

Preliminary estimates.

Table 22.--The farm food market basket: Revised quarterly data for 1958

Item and period	Retail cost	Gross farm value	Net farm value	Farm- retail spread	Farmer's share
	Dollars	Dollars	Dollars	Dollars	Percent
Market basket					
Jan.-Mar.	1,055.57	---	438.73	616.84	42
Apr.-June	1,084.73	---	445.51	639.22	---
July-Sept.	1,068.43	---	423.21	645.22	---
Oct.-Dec.	1,047.90	---	410.75	637.15	---
Meat products					
Jan.-Mar.	---	---	163.52	119.62	58
Oct.-Dec.	288.91	---	158.26	130.65	55
Dairy products					
Jan.-Mar.	196.06	---	90.44	105.62	---
Apr.-June	191.60	---	84.71	106.89	---
July-Sept.	193.04	---	87.23	105.81	---
Oct.-Dec.	195.40	---	89.39	106.01	46
Poultry and eggs					
Jan.-Mar.	98.70	---	63.82	34.88	65
Oct.-Dec.	93.35	---	56.75	36.60	61
Bakery and cereal products (all ingredients)					
Apr.-June	---	---	30.86	128.54	---
July-Sept.	---	---	28.68	131.23	---
Oct.-Dec.	---	---	28.39	132.54	---
Bakery and cereal products (grain):					
Jan.-Mar.	---	26.79	23.63	---	---
All fruits and vegetables					
Jan.-Mar.	---	---	69.14	161.61	30
Apr.-June	---	---	75.39	176.74	30
July-Sept.	---	---	62.43	168.03	---
Oct.-Dec.	---	---	59.41	161.64	---
Fresh fruits and vegetables					
Jan.-Mar.	---	---	52.75	87.72	---
Apr.-June	---	---	58.00	100.84	---
July-Sept.	---	---	45.13	89.77	33
Oct.-Dec.	---	---	41.31	82.78	---
Fresh vegetables					
Apr.-June	---	---	26.94	53.67	33
Oct.-Dec.	---	---	17.61	43.18	---

Continued -

Table 22.--The farm food market basket: Revised quarterly data for 1958 - Con.

Item and period	Retail cost	Gross farm value	Net farm value	Farm- retail spread	Farmer's share
	Dollars	Dollars	Dollars	Dollars	Percent
Processed fruits and vegetables					
July-Sept.	---	---	17.29	78.27	---
Oct.-Dec.	---	---	18.11	78.85	---
Fats and oils					
Jan.-Mar.	---	---	13.00	31.99	---
Oct.-Dec.	---	---	11.42	33.26	---
Miscellaneous products					
Jan.-Mar.	---	---	7.13	35.71	---
July-Sept.	---	---	7.32	36.46	---
Oct.-Dec.	---	---	7.12	36.47	---
	Cents	Cents	Cents	Cents	Percent
Beef (Choice grade)					
Jan.-Mar.	---	55.5	51.3	27.5	65
Oct.-Dec.	---	54.3	49.8	31.2	61
Lamb (Choice grade)					
Oct.-Dec.	---	47.5	41.1	33.5	---
Pork (retail cuts)					
Jan.-Mar.	---	42.0	36.0	27.1	---
Butter					
Jan.-Mar.	---	---	51.8	23.1	---
Apr.-June	---	---	50.3	23.4	---
July-Sept.	---	---	50.7	23.2	---
Cheese, American process					
Apr.-June	---	---	27.2	30.9	---
Ice cream					
Jan.-Mar.	87.7	---	22.4	65.3	26
Apr.-June	87.8	---	21.5	66.3	24
July-Sept.	87.8	---	21.6	66.2	25
Oct.-Nov.	87.8	---	21.9	65.9	25
Chickens, frying					
Jan.-Mar.	47.6	---	---	19.4	59
Oct.-Dec.	42.1	---	21.3	20.8	51
Eggs					
Jan.-Mar.	---	---	40.5	18.5	69
Oct.-Dec.	---	---	39.5	18.9	68

Continued -

Table 22.--The farm food market basket: Revised quarterly data for 1958 - Con.

Item and period	Retail cost	Gross farm value	Net farm value	Farm- retail spread	Farmer's share
	Cents	Cents	Cents	Cents	Percent
Apples					
Jan.-Mar.	---	---	3.2	10.3	24
Oct.-Dec.	---	---	3.8	8.3	31
Grapefruit					
Jan.-Mar.	---	---	2.3	9.7	19
Apr.-June ^{1/}	---	---	3.6	10.4	26
Oct.-Dec. ^{1/}	---	---	2.9	10.3	22
Lemons					
Jan.-Mar.	---	---	3.7	15.3	19
Apr.-June	---	---	4.1	14.6	22
July-Sept.	---	---	3.8	14.1	21
Oranges					
Jan.-Mar.	---	---	25.3	40.3	39
Apr.-June	---	---	31.5	44.5	41
July-Sept.	---	---	35.3	47.2	43
Potatoes					
Apr.-June	---	---	23.4	52.2	---
Oct.-Dec.	---	---	11.8	38.7	---
Peaches, canned					
Oct.-Dec.	---	---	6.1	28.7	---
Corn, canned					
July-Sept.	---	---	2.4	15.3	14
Tomatoes, canned					
Oct.-Dec.	---	---	2.3	14.0	14
Salad dressing					
Jan.-Mar.	---	---	7.1	30.7	---
Oct.-Dec.	---	---	6.6	31.3	---
Sugar ^{2/}					
Oct.-Dec.	---	21.4	20.3	36.6	36

^{1/} 2-month average.

^{2/} Revised net farm value adjusted for Government payments to producers, Jan.-Mar. 24.4; Oct.-Dec. 24.7; farm-retail spread adjusted for Government processor tax, Jan.-Mar. 32.8; Apr.-June 33.2; July-Sept. 34.0; Oct.-Dec. 33.9.

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